



A joint project of the Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies in cooperation with the Alliance for Children and Families, Alliance for Nonprofit Management, American Association of Homes and Services for the Aging, American Association of Museums, Community Action Partnership, Corporation for National and Community Service, League of American Orchestras, Lutheran Services in America, Michigan Nonprofit Association, the National Council of Nonprofits, and United Neighborhood Centers of America

COMMUNIQUÉ No. 14

Impact of the 2007-09 Economic Recession on Nonprofit Organizations

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EXECUTIVE SUMMARY

The current recession has already resulted in serious economic costs for our nation. Although the media has focused on the downturn's severe effects on businesses, there has been little attention on how it has impacted our country's critical nonprofit sector. Are nonprofits facing a decline in revenues? Have nonprofits been forced to reduce their programs and services? How are nonprofits responding to these pressures and what consequences, if any, have they had to endure?

To help fill this major gap in knowledge, the Johns Hopkins Nonprofit Listening Post Project surveyed its nationwide sample of nonprofit organizations in five key fields (children and family services, elderly housing and services, education, community and economic development, and the arts) in April of 2009. Key findings from the 363 organizations responding to this Sounding include the following:

1) Significant economic stress

- 80 percent of responding organizations reported some level of fiscal stress during the target period of September 2008 to March 2009.
- Close to 40 percent of the organizations considered the stress to be "severe" or "very severe".

- Theaters and orchestras were particularly hard hit, with 73 percent of the former and half of the latter reporting "severe" or "very severe" stress.
- But a third or more of child-serving and elderly-serving organizations also reported "severe" or "very severe" fiscal stress.
- Contributing to this stress was a perfect storm of impacts:
 - Declining revenues (51 percent of organizations);
 - Increased costs, particularly for health benefits, underlining the importance of health benefit reform for the nation's nonprofit human service and arts organizations;
 - Declining endowments hitting 80 percent of organizations with endowments;
 - Decreased cash flow as a result of restricted credit and government payment delays.
- Substantial majorities of the respondents expect continuing revenue declines over the coming months, particularly from private giving and government support.

2) Impressive resilience

In the face of this fiscal stress, nonprofit organizations are displaying enormous resilience:

- The share of organizations reporting “severe” or “very severe” fiscal stress is actually lower now than during the recession that followed 9/11 (37% vs. 51% of organizations).
- Except for the arts organizations, sizable majorities of organizations at present are reporting that their fiscal stress is “minimal” or “moderate”.
- This is consistent with experience in prior recessions, during which nonprofits boosted employment while for-profit employment has declined. This suggests that nonprofits are a counter-cyclical force in the economy.
- Reflecting this, more than two-thirds of the respondents indicated that they have been “successful” or “very successful” in coping with the current fiscal crisis.
- As a consequence, nearly three-fourths of the organizations reported being able to maintain or actually increase the number of people they serve, and this was especially true of service to vulnerable populations.

3) A range of coping strategies

To achieve this result in the face of such serious economic conditions, nonprofits have displayed unusual resolve and launched a host of inventive coping strategies:

- Well over half of all organizations have launched new or expanded fund-raising efforts, targeting individuals, state and local government, the federal government, and foundations.
- Substantial proportions of organizations are also tightening their belts further, cutting administrative costs, creating collaborative relationships with other nonprofits, instituting salary freezes, postponing new hires, and relying more heavily on volunteers.
- Finally, substantial numbers of organizations are stepping up their marketing and their advocacy.

Background

The current recession has already resulted in serious economic costs for our nation, with 9 percent of the workforce unemployed and significant reductions in corporate profits and stock valuations.¹

But what has been the effect of the current recession on our country's critical nonprofit sector? Are nonprofits facing a parallel decline in revenues? Have nonprofits been forced to reduce their programs and services? How are nonprofits responding to these pressures and what consequences, if any, have they had to endure?

To answer these important questions, the Listening Post Project conducted a survey of its nationwide sample of over 1,400 nonprofit organizations in five key fields (children and family services, elderly housing and services, education, community and economic development, and the arts) in April of 2009. The focus of this survey was on the period between September 2008 and March 2009, when recessionary pressures intensified, though some questions were asked as well about fiscal year 2008 as compared to 2007. Altogether, 363 organizations responded to this Sounding, producing a response rate of 26 percent, which is quite respectable in this field, particularly at a time of economic hardship.²

While we make no claim that this survey is fully "representative" of the nation's nonprofit sector or even of nonprofits in these particular fields, we do believe it is highly indicative of the experience of a substantial swath of the nation's human service, community development, and arts subsectors, and certainly of organizations accounting for the lion's share of the activity in these fields.³ What makes this

Sounding especially powerful, moreover, is that it follows up on similar Listening Post Project surveys of nonprofit fiscal trends and challenges conducted in 2003 and 2006 (for more details on these previous Soundings, see www.ccss.jhu.edu).

The following Communiqué highlights the major findings from this latest Sounding and compares key results to these earlier surveys. The result is one of the most comprehensive analyses to date of how the recession is affecting a key sub-set of our nation's nonprofits and of how these organizations are changing and adapting over time.

Key Findings

I. Significant economic stress

- 80 percent of responding organizations reported some level of fiscal stress during the target period of September 2008 through March 2009.
- Close to 40 percent of the organizations considered the stress to be "severe" or "very severe" (see Figure 1). Typical responses from nonprofit executives at these organizations included:
 - "This is the most difficult financial time our organization has had in its 35 year history," noted one organization director.
 - "I know this will appear as hyperbole but it is not," noted another. "Our 150 year-old public charity is currently facing a question of survival. Without a partner, our city's oldest nonprofit serving older adults will simply cease to exist. We have only months to determine our fate."

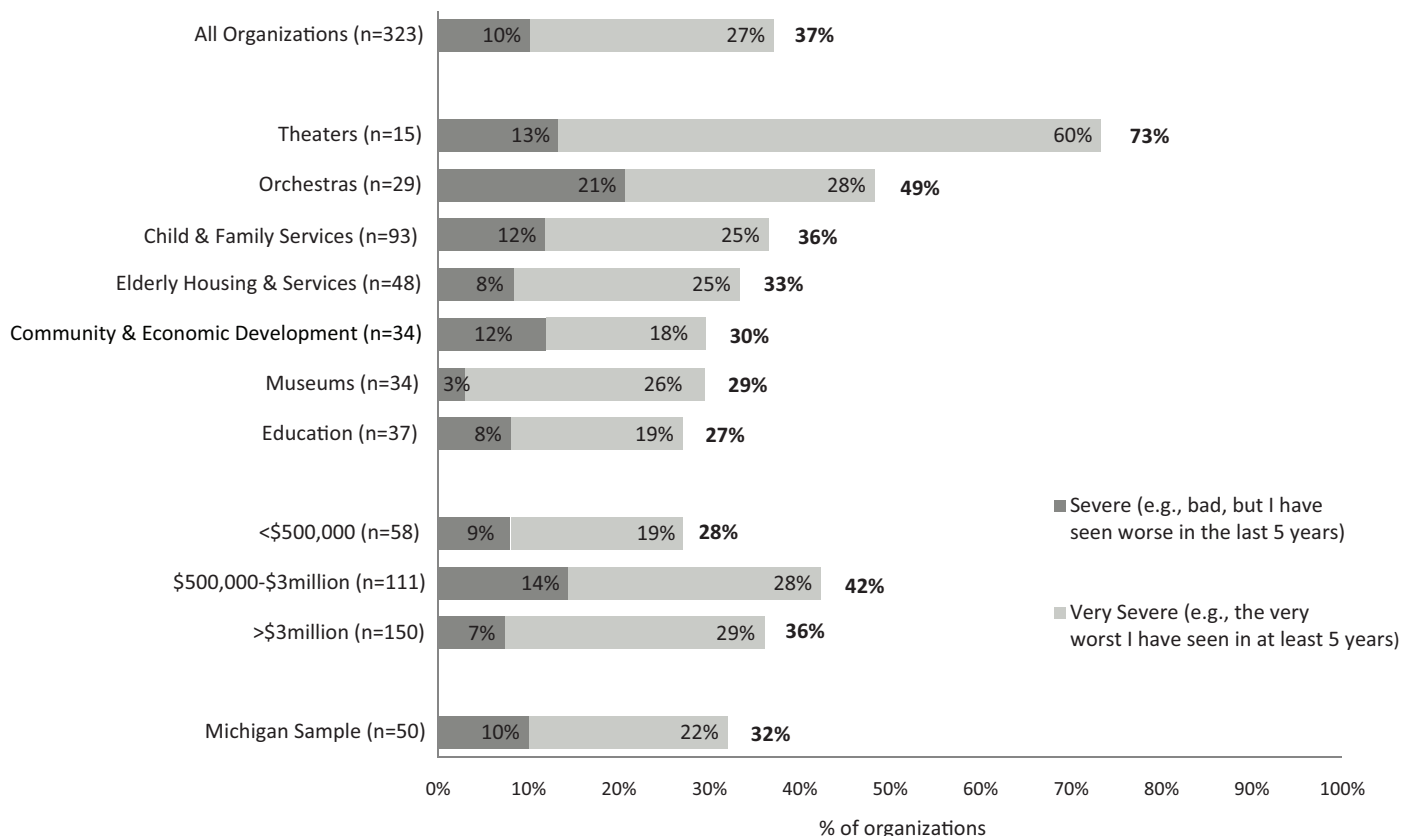
¹See, for example, James Marschall Borbely, "U.S. labor market in 2008: economy in recession." *Monthly Labor Review*, March 2009; and Bureau of Economic Analysis, "Gross Domestic Product: Fourth Quarter 2008 (FINAL) and Corporate Profits: Fourth Quarter 2008 (FINAL)," (March 26, 2009 News Release).

²By comparison, a recent survey of nonprofit human service organizations conducted by the publishers of Giving USA achieved a return rate of only 7 percent, yielding only 218 responses. Giving USA Foundation, Press Release, (June 9, 2009).

³As noted more fully in Appendix A, the Listening Post Project maintains two panels of nonprofit organizations in the five fields highlighted above. The first is a self-selected sample of organizations from the membership of eight national nonprofit intermediary associations and from the grantees of the Corporation for National and Community Service that are active in these five fields. The second is a random sample of organizations in the same fields selected from the Internal Revenue Service's Exempt Organization Master File or from other lists of agencies provided by our partner organizations where these were more complete. This random sample makes it possible for us to determine whether the directed sample diverges from other nonprofits in their fields of operation. In addition to these two national samples, the Project has begun to build a set of state nonprofit Listening Post samples beginning with members of the Michigan Nonprofit Association and including a parallel sample of Michigan nonprofit organizations in the same fields chosen randomly from IRS listings. Because the Michigan respondents are over-represented in the overall sample, their results were weighted to offset this, and the weighted results are reported throughout. Altogether, 18 percent of the respondents reported revenues of under \$500,000. This is far lower than the share of small organizations in the nonprofit sector overall. While the results may not be fully representative of the organizations in these fields, therefore, they are far more representative of the bulk of the activity, which tends to be concentrated in the larger organizations. In addition, the inclusion of a significant number of small organizations in the sample makes it possible to determine whether, and how much, their experience differs from that of larger nonprofits, and these size differences are reported throughout where they are notable. For further detail on the sample composition, see Appendix A.

Figure 1: Share of organizations reporting severe or very severe financial stress, by field, revenue, and region

(September 2008 - March 2009)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

- Theaters and orchestras were particularly hard hit, with 73 percent of the former and nearly half of the latter reporting “severe” or “very severe” stress.
- But a third or more of the child-serving and elderly-serving organizations in our sample also reported “severe” or “very severe” fiscal stress.
- Particularly hard hit have been mid-sized organizations, with revenues between \$500,000 and \$3 million. Over 40 percent of them reported “severe” or “very severe” fiscal stress. By contrast, somewhat smaller shares of both small and large organizations reported this level of stress.
- Interestingly, despite having an unemployment rate roughly fifty percent higher than the national average,⁴ Michigan nonprofits were somewhat less likely than their non-

Michigan counterparts to report “severe” or “very severe” fiscal stress during the six months preceding our survey (32 percent vs. 37 percent).

II. A perfect storm of impacts

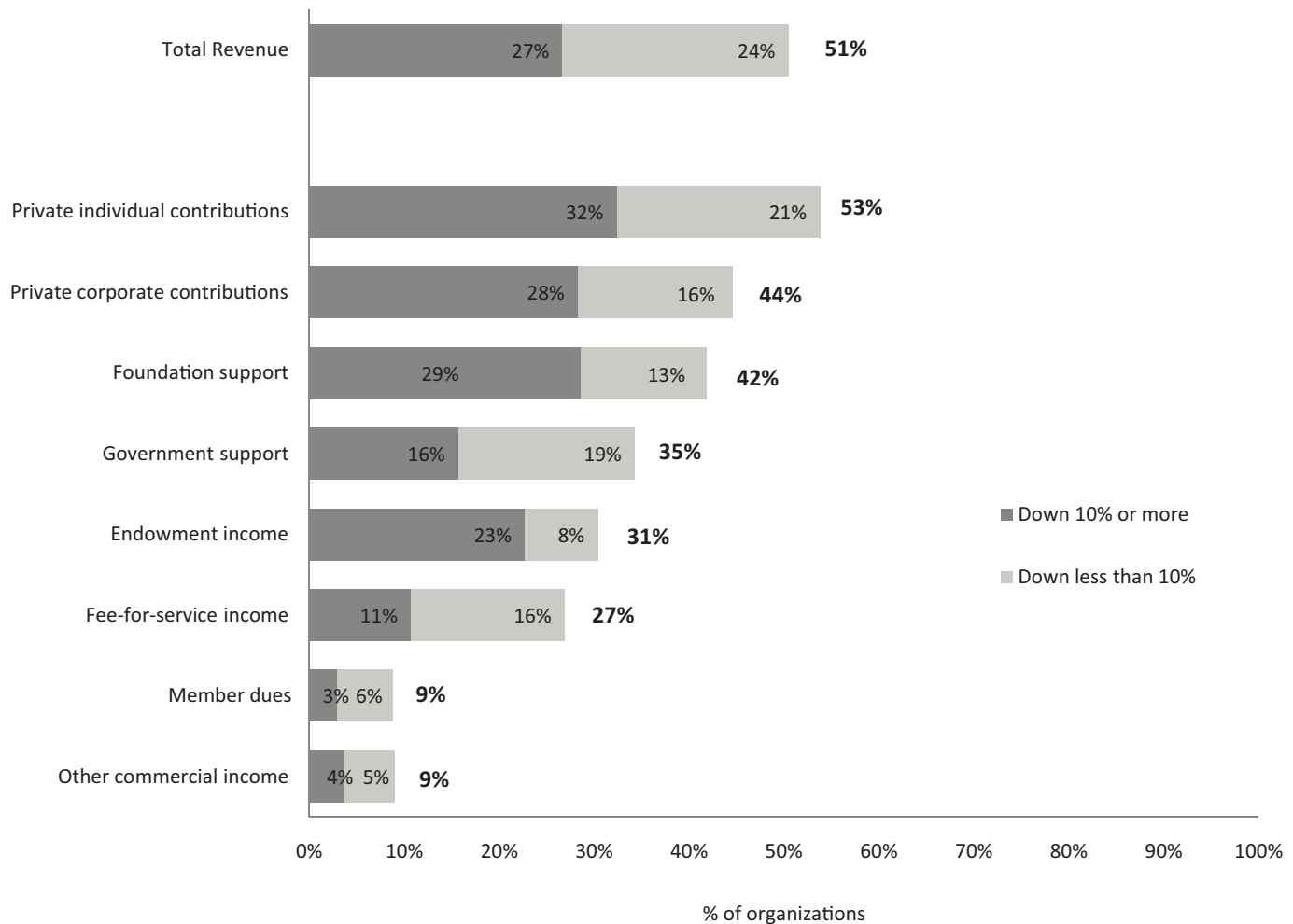
Contributing to the fiscal stress experienced by nonprofit organizations has been a perfect storm of impacts, including:

1) Declining revenues

- 51 percent of responding organizations reported revenue losses during the September 2008 through March 2009 period as compared to the comparable period a year ear-

⁴In March 2009, unemployment in Michigan was 12.6%, while unemployment in the U.S. was 8.5% (U.S. Bureau of Labor Statistics, “Michigan Economy at a Glance” and “United States Economy at a Glance”)

**Figure 2: Share of organizations experiencing revenue losses, by source (n=323)
(September 2008 - March 2009 vs. September 2007 - March 2008)**

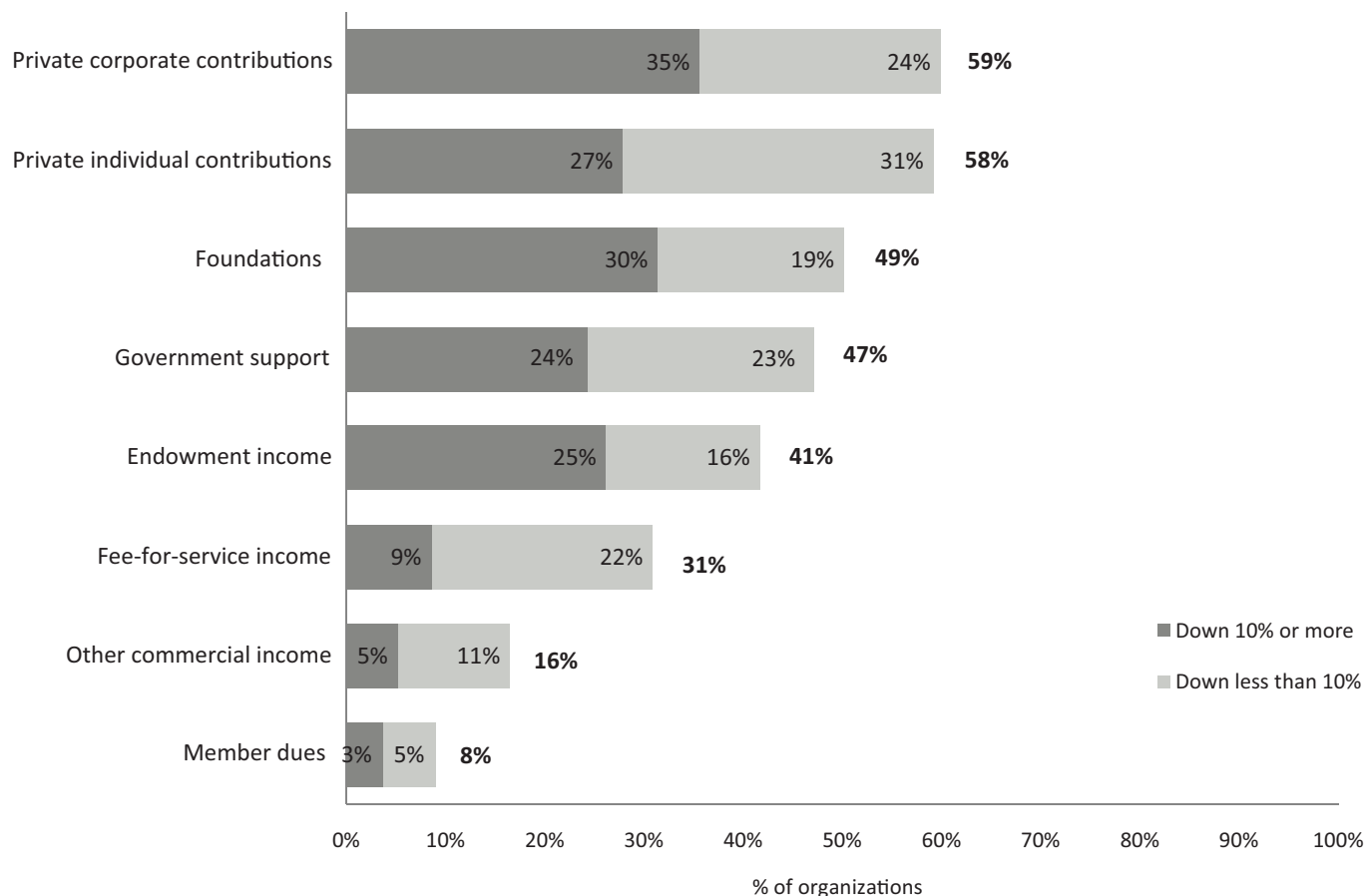


Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

lier (see Figure 2). This contrasts considerably with the situation in 2003, when just 20 percent of all respondents indicated a decline in revenue.

- Among revenue sources, losses were particularly widespread from individual contributions (losses for 53 percent of organizations), corporate contributions (losses for 44 percent of organizations), and foundation support (losses for 42 percent of organizations).
- Over a third (35 percent) of organizations experienced declines in government support, and 37 percent reported delays in government payments. This may help explain why over half of the organizations reported cash flow problems.
- Fee-for-service sources of income held up better than others, though even here over a quarter of the organizations reported losses.
- Reflecting their heavier reliance on donations, cultural institutions, specifically theaters and orchestras, were particularly hard hit by revenue losses, with close to 80 percent of the theaters and 70 percent of orchestras reporting losses (see Appendix Table B-1).
- But sizable proportions of other types of organizations also experienced revenue losses, including 60 percent of family and children's organizations, 57 percent of responding museums, 46 percent of community and economic development organizations, and 43 percent of elderly service organizations.

Figure 3: Share of organizations anticipating decreases in their revenue over the next year, by source (n=219)*



*See Appendix A, section 5, for an explanation of the n in this figure.

Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

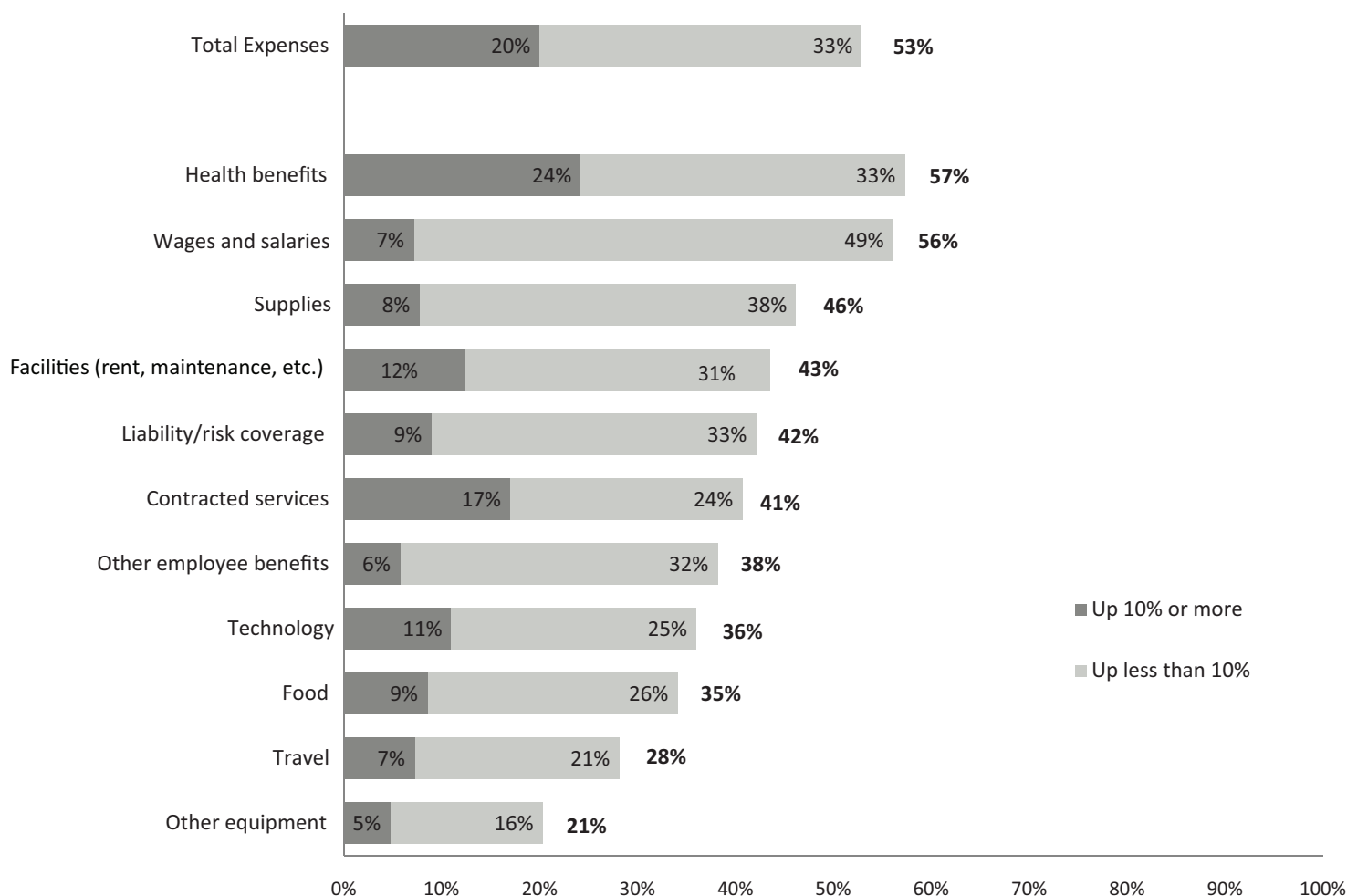
- Size also played a role in determining whether organizations experienced revenue declines. Thus, 61-63 of the small and medium sized organizations reported revenue losses during this period compared to 47 percent of the largest agencies.
- Not surprisingly, Michigan nonprofits fared slightly worse than their national counterparts when it came to revenue losses. Thus, compared to the 51 percent of all organizations that reported revenue declines, the comparable figure among Michigan respondents was 54 percent.
- Most respondents (60 percent) expect these revenue losses to continue into the coming year. What is more, they are expecting the losses to deepen, with larger proportions ex-

pecting sharper revenue losses for every revenue source in the year ahead (see Figure 3).

2) Increased costs

- In addition to losing income, a majority of the responding organizations (53 percent) also experienced increased costs during the period covered here, adding further to their fiscal stress (see Figure 4).
- The major sources of cost pressures, affecting 57 and 56 percent of organizations respectively, were health benefits and wages. The health benefit increases were particularly notable because they jumped 10 percent or more for a quarter of the organizations. This underlines the impor-

Figure 4: Cost pressures reported by nonprofit organizations, by source (n=323)
(September 2008 - March 2009 vs. September 2007 - March 2008)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

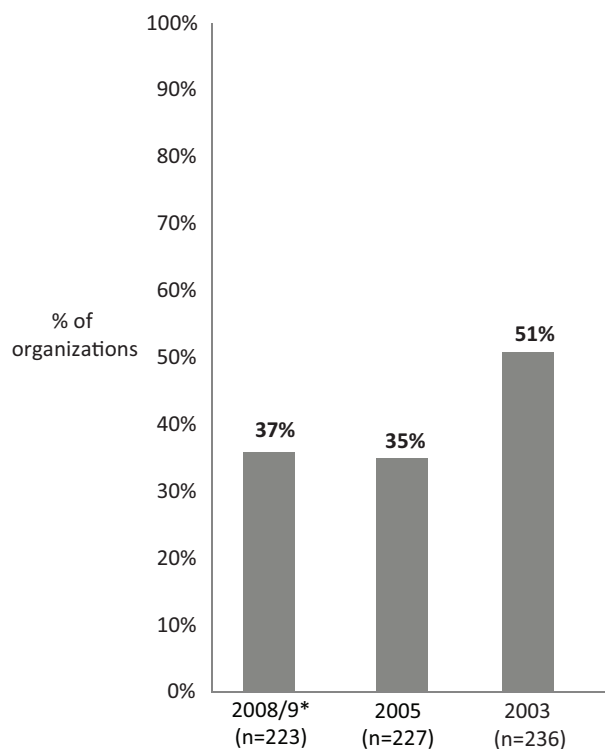
tance of health benefit reform for the nation's nonprofit sector, and not just its businesses (see Figure 4).

- Fields that were significantly more likely to experience rising costs were elderly services and housing (78 percent of organizations) and orchestras (57 percent). The largest organizations were also more likely than their smaller counterparts to experience an increase in costs, most likely because they have larger staffs and accompanying escalating benefit costs (see Appendix Table B-2).

3) *Falling endowments*

- Nonprofits were also affected by the general collapse of investment asset values. The vast majority of respondents with endowments (80 percent) reported that their endowments decreased in value between March 2008 and March 2009.
- And nearly two-thirds of these indicated that their endowments fell by 20 percent or more.

Figure 5: Share of organizations reporting severe or very severe financial stress, 2009 vs. 2005 & 2003



*2008/9 period covers September 2008 to March 2009

Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

4) Increased competition for financial resources

- Finally, well over half (58 percent) of all respondents indicated that they are experiencing increased competition for financial resources (see Appendix Table B-3).

In short, many nonprofit organizations find themselves in a perfect storm of pressures. The sense of exposure is nicely captured by one respondent who explained his predicament this way:

“As a small historic site museum in a resort town, we are seeing less and less visitors and they are also spending less money. The problem also is that we own 11 buildings and our insurance is HORRIBLY expensive on the coast of North Carolina. We also have extremely high maintenance requirements with these old houses and buildings. Our cash flow is very bad at this time and we are constantly stressed about making ends meet. Membership dues are down as well as income producing enterprises.”

III. Impressive resilience in the face of fiscal pressures

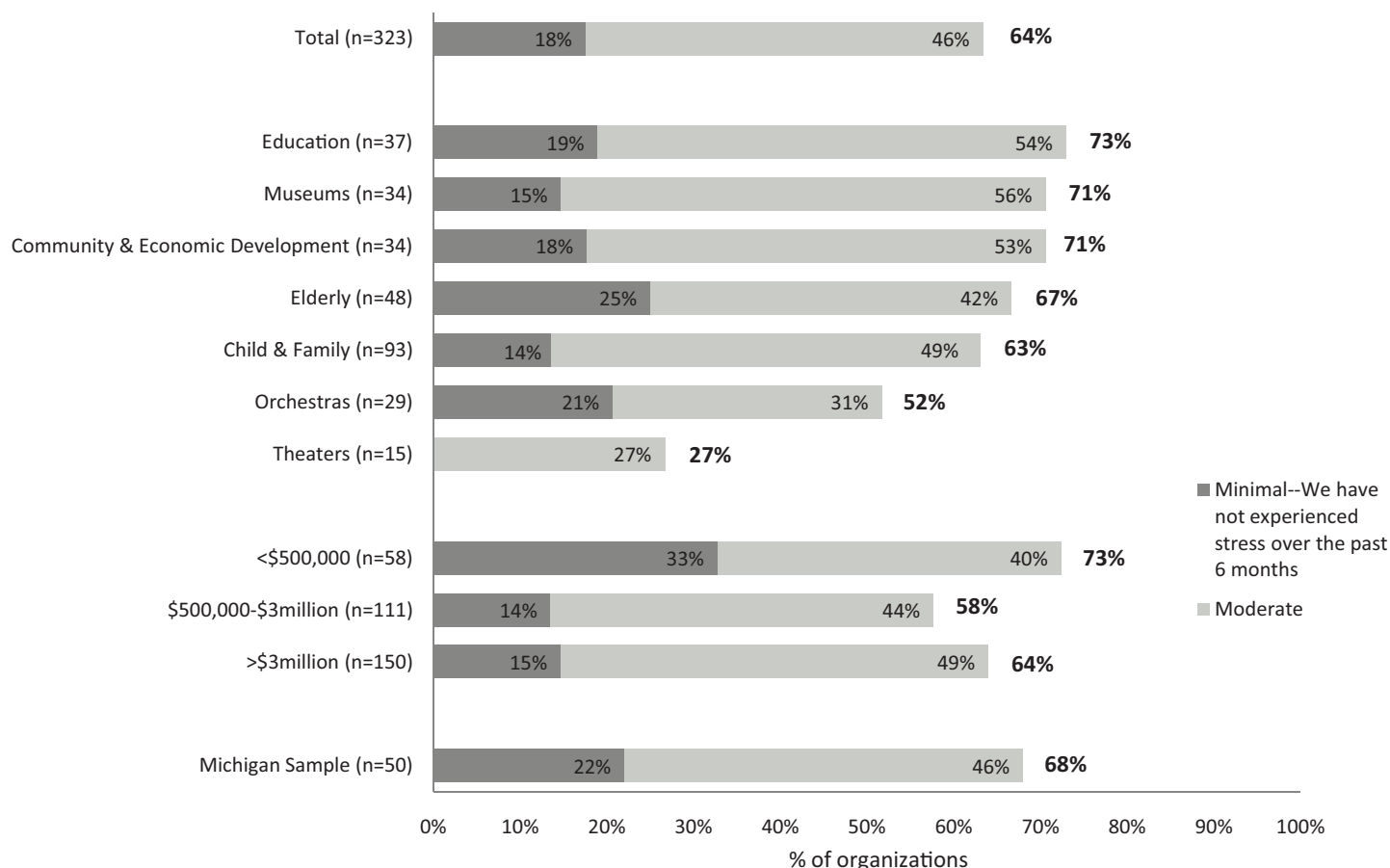
In the face of these considerable fiscal pressures, however, the nonprofit organizations we surveyed are also displaying considerable resilience. The evidence for this takes a variety of forms:

1) Evading fiscal stress

In the first place, despite the severity of the fiscal crisis, many nonprofits apparently found ways to evade at least part of its impact. Evidence of this includes the following:

- The proportion of organizations reporting “severe” or “very severe” fiscal stress during the target period of this survey, while substantial, was still considerably below the level reached in the 2002-2003 recession that followed 9/11 (37 percent vs. 51 percent of the organizations) (see Figure 5).
- Except for the arts organizations, substantial proportions of organizations in the remaining fields reported “minimal” or “moderate” fiscal stress in the target period. This included 73 percent of the small organizations, 71 percent of the museums and community and economic development organizations, 67 percent of the elderly service organizations, and 63 percent of the family and children’s service organizations (see Figure 6).
- Of the 61 percent of organizations with a line of credit, just 8 percent experienced a reduction in this line from September 2008 to March 2009. Moreover, fewer than 5 percent of the respondents with a line of credit indicated that it was “likely” or “very likely” that they would be declared in default on their line of credit obligations (see Figure 7).
- Only about 30 percent of all respondents indicated they were carrying debt, and only about 19 percent of these reported increases in the cost of their debt, about the same share as reported reductions in debt costs.
- Reflecting this, less than 5 percent of all respondents reported that they were in imminent danger of folding due to financial reasons.

Figure 6: Share of organizations reporting "minimal" or "moderate" fiscal stress, by field, size, and region (September 2008 - March 2009)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

2) Achieving financial success

Not only did they evade some of the more serious forms of fiscal stress, but also substantial proportions of responding nonprofits reported success in coping with the pressures they did experience. In particular:

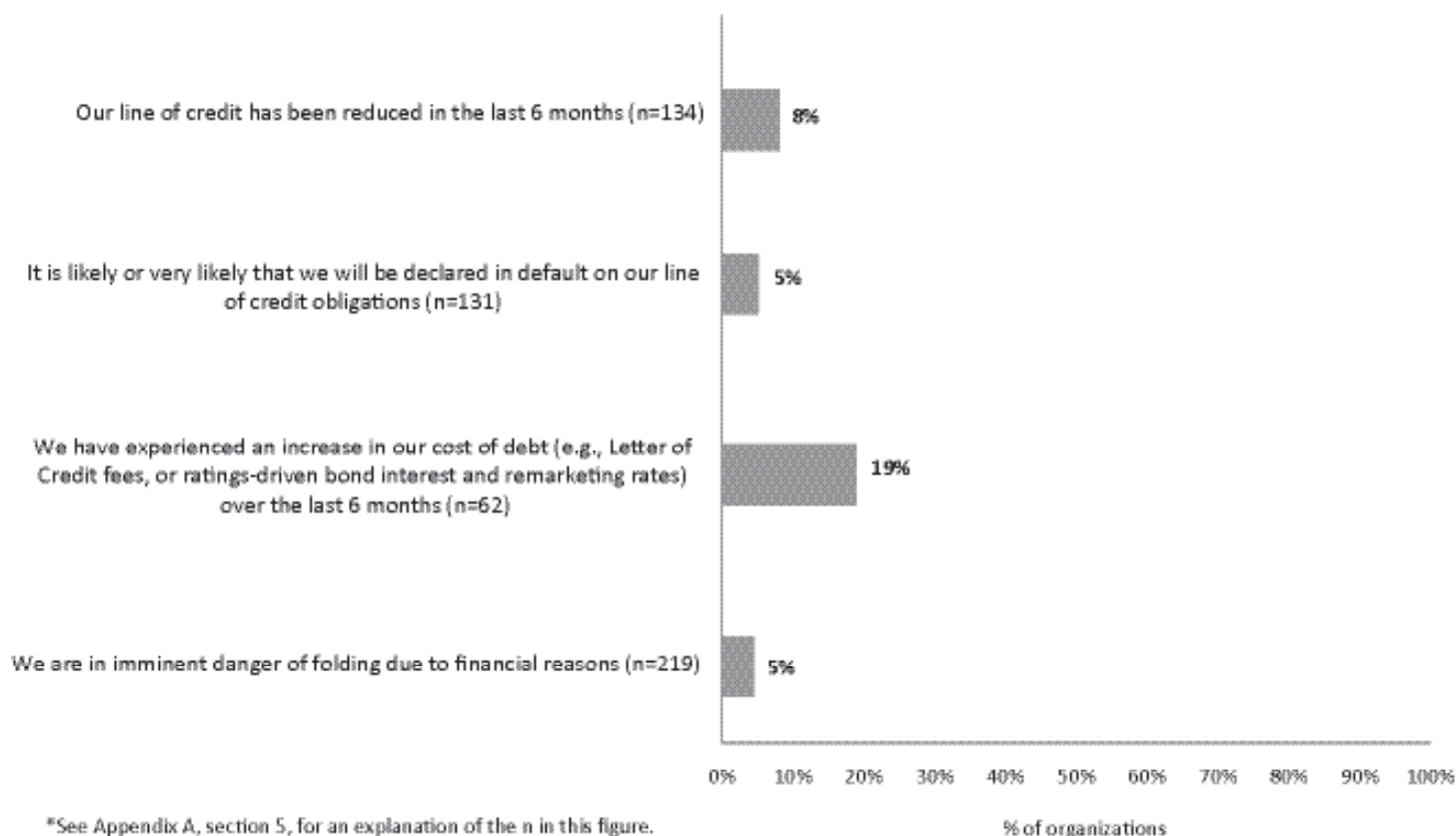
- Nearly 70 percent of the organizations rated their organization's financial performance as "very" or "somewhat" successful as of the spring of 2009 despite the financial pressures they were facing (see Figure 8).
- Ratings of "somewhat" or "very successful" financial performance were particularly widespread among community and economic development organizations (81 percent),

children and family service organizations (70 percent), elderly service agencies (69 percent), and education organizations (68 percent).

- Significantly, even in Michigan, which has felt the brunt of the current economic crisis, a majority of responding organizations were able to report "somewhat" or "very successful" financial performance as of the time of our survey, though the share of Michigan organizations responding in this fashion was somewhat lower than for the sample as a whole (58 percent vs. 68 percent).
- Interestingly, size of organization had little impact on the success ratio.

Figure 7: Impact of recession on nonprofit indebtedness*

(September 2008 - March 2009)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

3) Maintaining commitment to beneficiaries/patrons

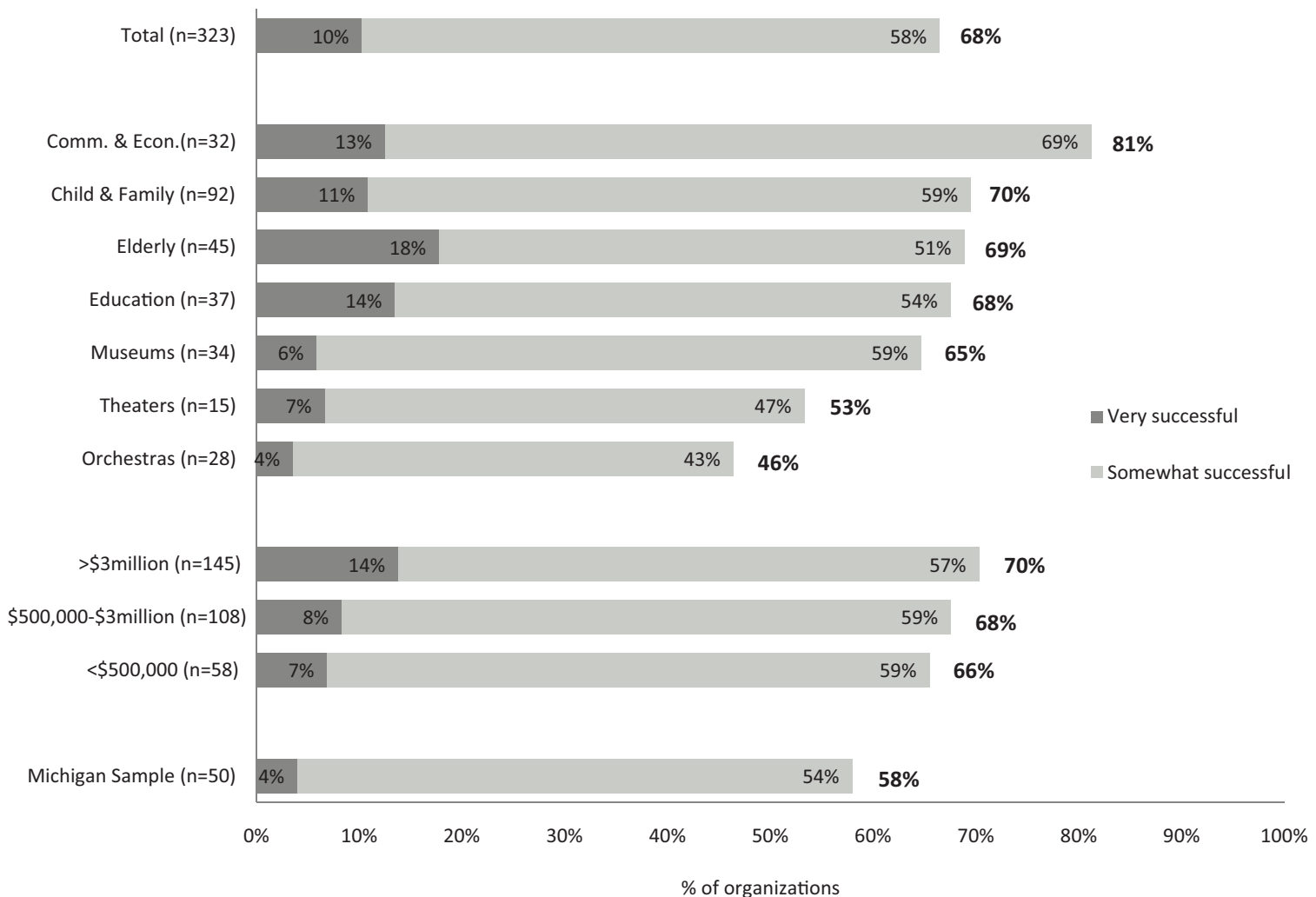
Ultimately, the real test of the impact of the current recession on the nonprofit sector is not the consequences for the organizations, but the consequences for those they serve. And here as well the record emerging from our Sounding is encouraging despite the financial pressures that existed. In particular:

- As illustrated in Figure 9, just 27 percent of responding organizations reported a decline in the number of people they served during our target period compared to the same period a year earlier. By contrast, 73 percent of respondents reported they had maintained or increased the number of people served despite the fiscal pressures they faced.
- **Service to vulnerable people.** Especially striking, organizations serving vulnerable populations such as children,

the elderly, the economically disadvantaged, and people with disabilities were even more likely to maintain or increase the number of people they served (see Figure 9). Thus, the proportions of organizations serving these populations reporting that they maintained or increased the numbers served was 96 percent with respect to people with disabilities, 92 percent for the economically disadvantaged, 86 percent for the elderly, and 82 percent for children and youth. This pattern is fully consistent, moreover, with our earlier findings.

- **Variation by field.** With the exception of the organizations in the arts and culture field (theaters, museums, and orchestras), which were particularly severely affected by the current economic crisis, organizations in all of the other fields covered by our survey managed either to maintain or increase their service levels during the current economic crisis. This included:

Figure 8: Share of organizations reporting financial success since September 2008, by field, revenue, and region

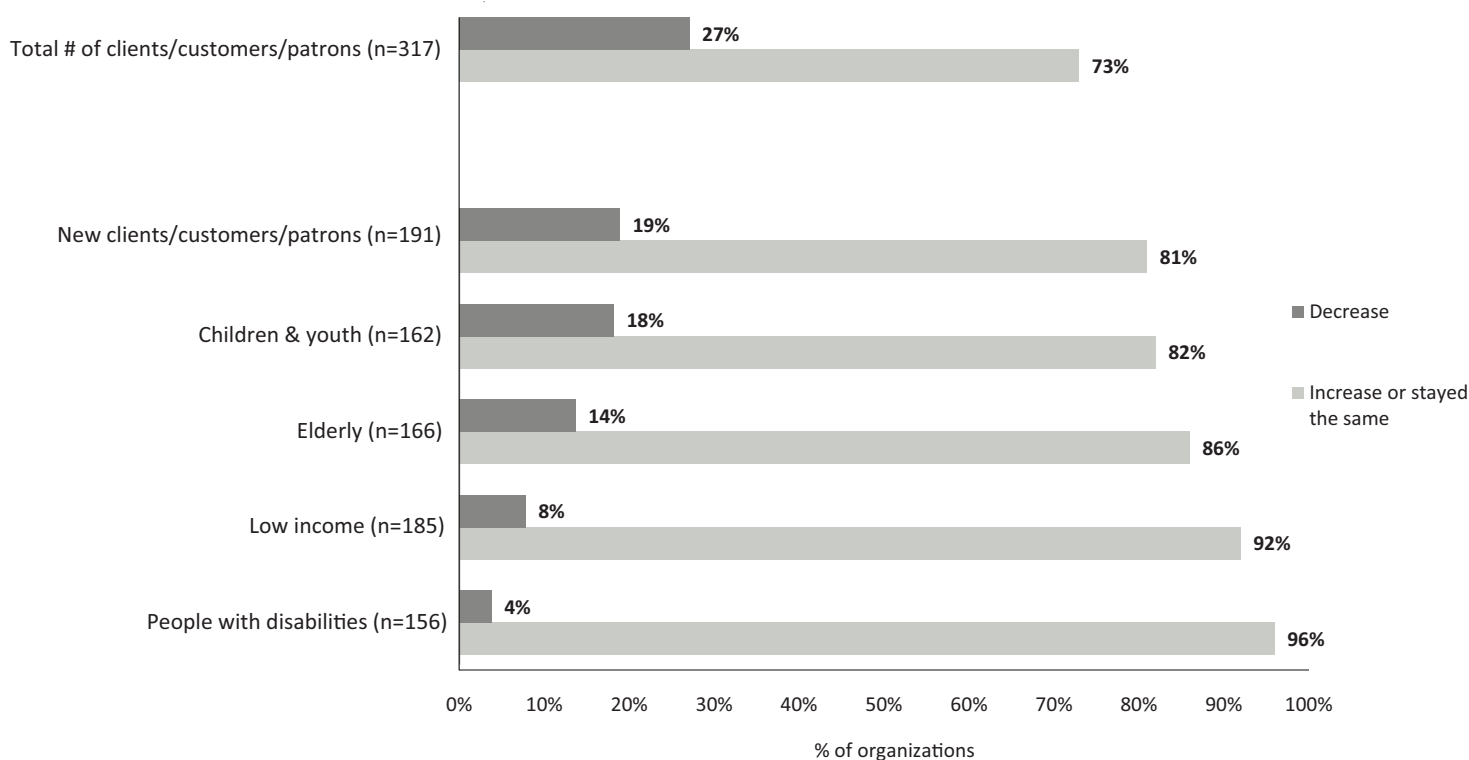


*Sum of components may not equal total due to rounding.

Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

- 85 percent of the community and economic development organizations;
- 84 percent of the education organizations;
- 80 percent of the children and family organizations;
- 72 percent of the elderly service and housing organizations;
- 81 percent of the small organizations; and
- 72 percent of the large organizations (see Appendix Table B-4).
- **Michigan.** Perhaps most strikingly, Michigan nonprofits, perhaps the most heavily battered in the recession, were even more likely than their counterparts elsewhere in the country to increase their services in the midst of the recession. In fact, a larger proportion of Michigan nonprofits increased the number of clients or patrons they served during our target period than responding nonprofits in the

Figure 9: Impact of recession on nonprofit service levels
(September 2008 - March 2009 vs. September 2007 - March 2008)



* See Appendix A, section 5, for an explanation of the n in this figure.

Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

full sample increased or held the same (74 percent vs. 73 percent) (see Appendix Table B-4).

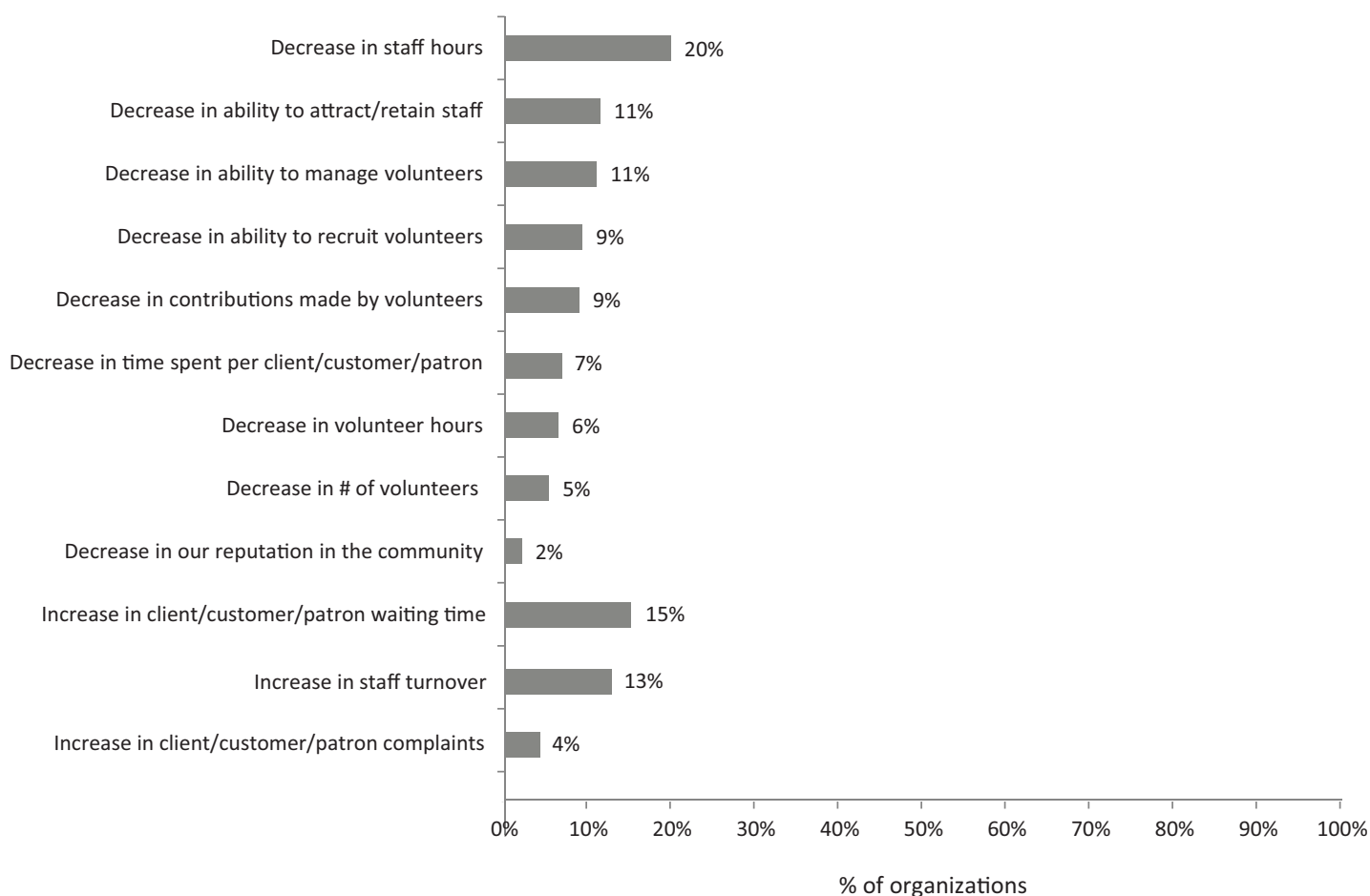
• **Other forms of activity.** Commitment to beneficiaries and maintenance of existing operations took other forms as well. Thus, as shown in Figure 10, during the target survey period:

- Only 15 percent of the organizations reported increasing their client/customer/patron waiting time.
- Only 13 percent reported higher staff turnover.
- Only 11 percent reduced their ability to attract or retain staff.
- Only 11 percent reduced their ability to manage volunteers.
- Only 9 percent experienced a reduction in the contributions made by volunteers or their ability to recruit volunteers.

- Fewer than 2 percent reported weakening their reputation in the community, only 5 percent lost volunteers, and only 7 percent decreased the time they spent per customer or patron.

In short, despite the recession and the resulting fiscal pressures they faced, U.S. nonprofits largely maintained their financial footing and maintained or expanded their activities, serving more people, and particularly more vulnerable people.

Figure 10: Impact of recession on nonprofit operations (n=323)
(September 2008 - March 2009 vs. September 2007 - March 2008)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

IV. How did they do it?

How did the nonprofit sector manage to achieve these results? And what are the lessons we can take away from this experience?

Our survey results suggest four answers to these questions.

1) Nonprofits appear to be buffered in part from the impact of economic downturns.

Thanks to the substantial partnership that has been forged between government and the nonprofit sector in a wide array of fields, including several that are covered here, nonprofits appear to be at least partly buffered from the

impact of economic downturns by government policies that are designed to be counter-cyclical, i.e., to expand when economic conditions deteriorate. This protects nonprofits in many fields from at least some of the effects of such downturns. The fact that arts organizations, which are least protected by government funding, suffered the sharpest pressures in the recent downturn lends credence to this explanation. Further credence is provided by three other pieces of data:

- *First*, although the current recession began in December 2007 and extended throughout 2008, respondents to our survey actually registered an increase in total revenues during fiscal year 2008.

Table 1: Percent Change in Revenue from 2007 to 2008 in Reported Dollars and in Constant Dollars, by Field and Revenue (in millions)						
	N	2007		2008	% change 07-08	
		Reported Dollars	2008 Constant Dollars*		Actual Dollars	Constant Dollars
Total Sample	340	\$3,569.8	\$3,684.0	\$3,779.3	5.9%	2.6%
By Field						
Children & Family Services	104	\$1,066.7	\$1,100.8	\$1,133.6	6.3%	3.0%
Community & Economic Development	35	\$180.3	\$186.0	\$195.0	8.2%	4.8%
Education	37	\$307.3	\$317.1	\$350.2	14.0%	10.4%
Elderly Housing and Services	47	\$1,092.7	\$1,127.6	\$1,154.7	5.7%	2.4%
Museums	34	\$176.8	\$182.5	\$195.2	10.4%	6.9%
Orchestras	26	\$107.9	\$111.4	\$114.8	6.4%	3.1%
Theaters	15	\$17.6	\$18.2	\$18.7	6.1%	2.9%
Other	33	\$174.6	\$180.1	\$179.0	2.5%	-0.7%
By Revenue						
< \$500,000	69	\$16.2	\$16.7	\$17.0	4.9%	1.7%
\$500,000-\$3 Million	121	\$204.9	\$211.4	\$216.4	5.6%	2.3%
> \$3 Million	141	\$2,902.8	\$2,995.7	\$3,107.8	7.1%	3.7%

The sample represented here only includes organization that provided both 2007 and 2008 revenue figures, thereby representing a matched set of organizations. This matched set, therefore, does not include all respondents to the survey.

*Constant dollars reflect the value of reported dollars adjusted to account for inflation and economic changes between 2007 and 2008. These figures represent the 2008 value of the reported 2007 dollar figures.

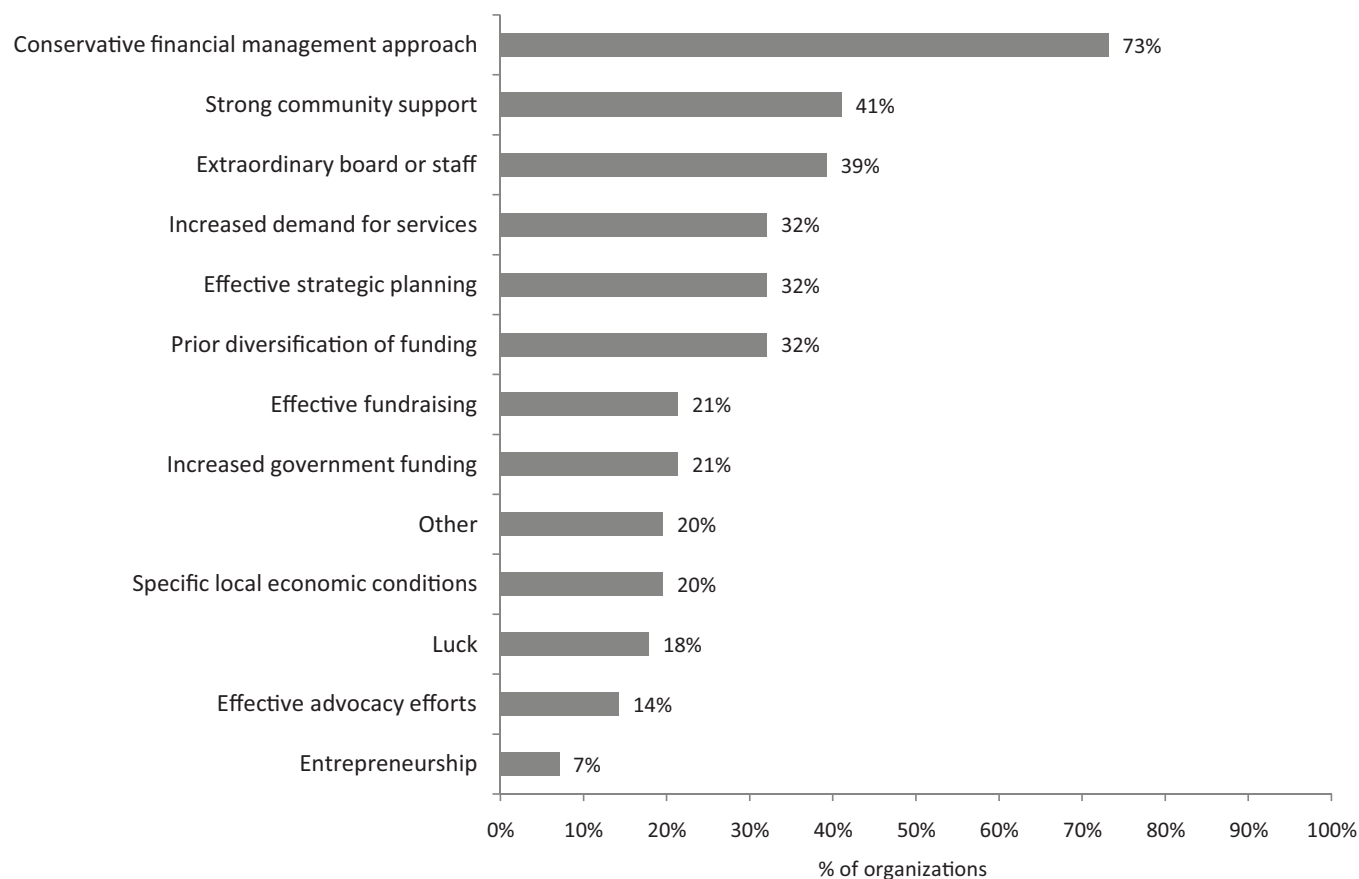
- As shown in Table 1, the total operating revenue of our responding organizations grew by 5.9 percent in current dollar terms, and 2.6 percent after adjusting for inflation, between 2007 and 2008.
- This revenue growth was not restricted to just one field. Rather, it was evident in every field, and was particularly strong among education organizations and museums (up 14 and 10 percent, respectively).
- Similarly, nonprofits in all size classes registered growth, though the scale of the increase was greater among the larger organizations.
- What is more, respondents reported increased revenues for almost all key revenue sources. Thus, private contributions increased, on average, by 18 percent; fee-income by 7 percent; and government payments by 6 percent. The one exception to this trend was endowment income, which fell, on average, by 8 percent between fiscal year 2007 and 2008.
- *Second*, this finding is consistent with the results of a previous survey the Listening Post Project conducted following the post 9/11 recession. That survey revealed nonprofit revenue growth of 5.5 percent between fiscal year 2002 and 2003, which is roughly equivalent to the increase reported in the current survey between 2007 and 2008.
- *Finally*, this finding is also consistent with data we have assembled from Bureau of Labor Statistics files.
 - These data reveal that during the two recessions prior to the current one, i.e., 1990-91 and 2001-02, nonprofit employment continued to grow at roughly the same rate as during the non-recession years. By contrast, for-profit employment declined during the recession years (See Table 2).⁵
 - This counter-cyclical nonprofit employment pattern held, moreover, in all but one field—arts and culture—exactly as the argument above suggests.

⁵For further detail, see: Lester M. Salamon and Kasey L. Spence, Nonprofit Employment in Prior Recessions. Johns Hopkins Center for Civil Society Studies, www.ccss.jhu.edu.

Table 2: Nonprofit vs. for-profit employment trends in recession and non-recession years			
	Recession Years	Non-Recession Years	All Years
	(1990-1991) (2001-2002)		(1990-2006)
Nonprofits	2.38%	2.37%	2.37%
Educational Services	2.10%	2.97%	2.86%
Health	3.24%	2.08%	2.22%
Social Services	3.66%	4.41%	4.32%
Arts, Entertainment, and Recreation	-1.27%	0.62%	0.39%
Other, except government	-0.06%	1.67%	1.45%
For-Profits	-2.22%	1.78%	1.07%

Source: Lester M. Salamon and Kasey L. Spence, Nonprofit Employment in Prior Recessions. Johns Hopkins Center for Civil Society Studies, www.ccscs.jhu.edu

Figure 11: Minimal Stress Organizations (n=56): How they avoided financial pressure



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

2) Many nonprofits adopted budget policies during prior recessions that have protected them during the current downturn.

- Organizations reporting minimal fiscal stress during the current recession overwhelmingly (73 percent) pointed to “conservative financial management” practices as the key to their success in avoiding fiscal pressures in the current recession (see Figure 11).
- Further down the list of important factors were strong community support and extraordinary board and staff, with new fundraising efforts trailing even further.

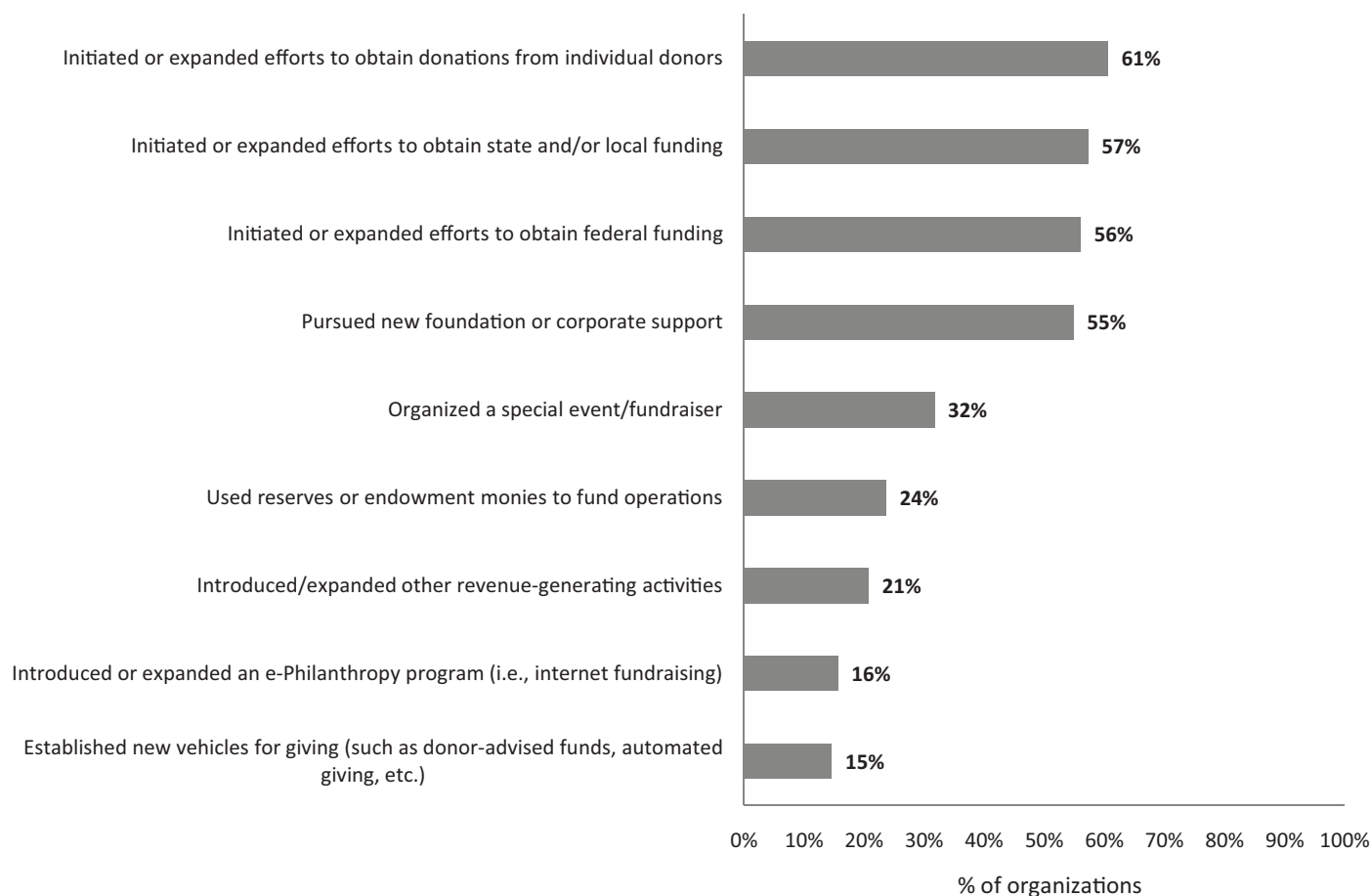
3) Faced with new challenges in the current recession, nonprofits have also responded with a host of additional coping strategies, focusing particularly on three strategies:

• *Intensified Fundraising*

In the first place, and perhaps not surprisingly, the most widespread strategy nonprofits have used to cope with the economic crisis has been to intensify their fundraising efforts.

- Four out of the five most common coping strategies identified by responding organizations focused on this goal.

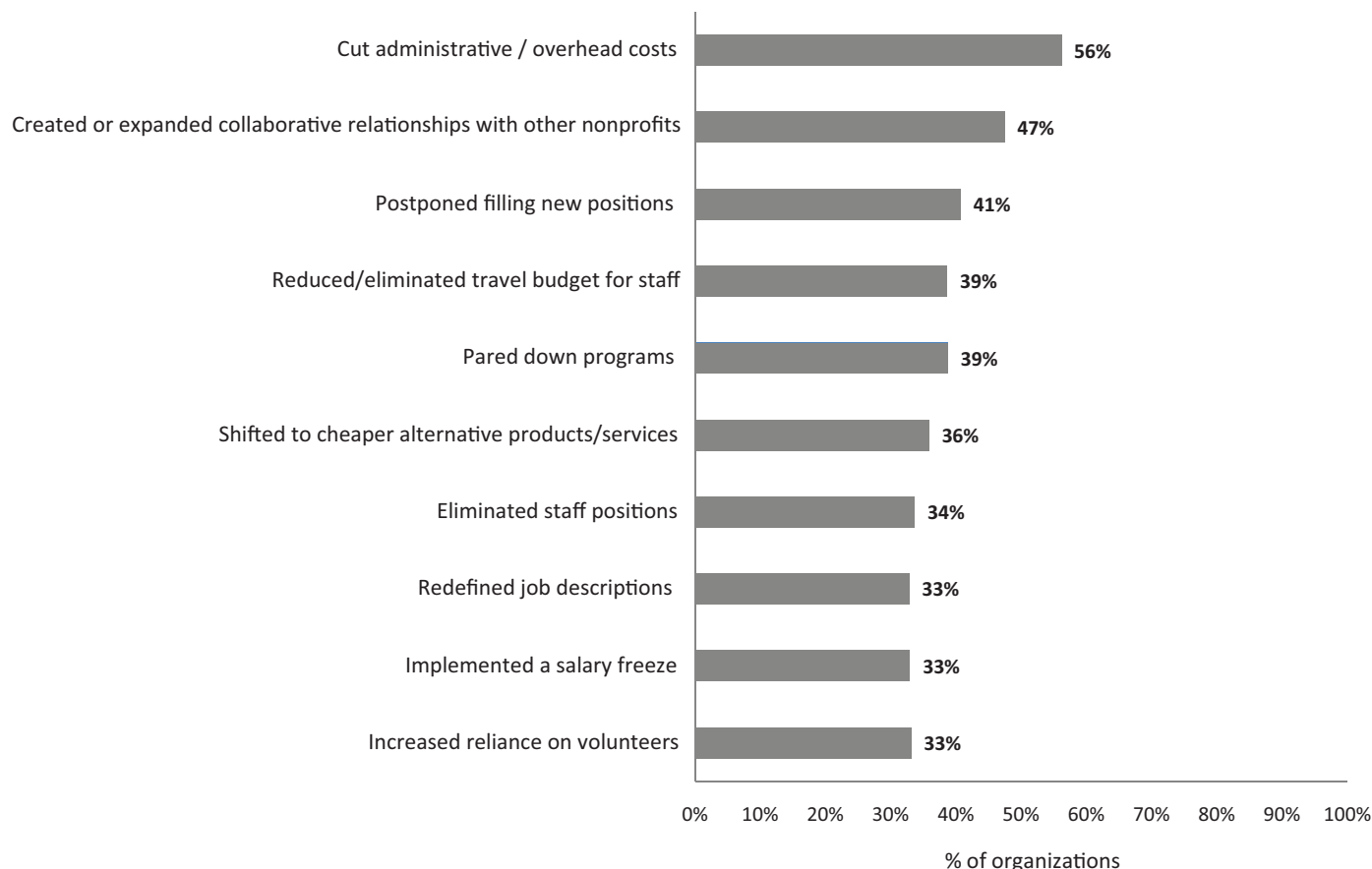
Figure 12: Funding strategies being used by nonprofits to cope with the economic downturn (n=323)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

- Particular targets of these efforts were individual donations (61 percent of organizations), state and/or local funding (57 percent), federal funding (56 percent), and foundation or corporate support (55 percent).
 - Not only did organizations intensify their efforts, but also they tried a variety of new approaches to cope with the new environment. Illustrative were these:
 - > “[We have made] more applications to local banks and small organizations for \$100-\$300 to support specific projects.”
 - > “We have refined our fundraising and membership options to better suit target audience needs. One example is launching a Junior Patrons programs for 20-50ish people. It seemed an easy way to build positive energy and enthusiasm about our organization at low cost and it is working to lay a foundation for the future when this group is in a position to be more philanthropic with their resources.”
 - > “We’re trying to get much more creative in our fundraising. The biggest hit we’ve had is to our endowment fund. Since our organization was founded in 1869, we’re trying to get each of our members to donate \$18.69 to our endowment. If they did, that would be about \$10,000.”
 - More worrisome, a quarter of the organizations found it necessary to draw down their reserves or endowment monies to maintain current operations.
 - While the differences among agencies with regard to use of additional fundraising efforts are limited, some differences were apparent. Thus, community and economic development organizations tended to focus most heavily on boosting government support, while orchestras, theaters and museums focused more heavily on increasing donations from individuals and foundations. Children and family service and education groups relied on both these approaches, while elderly service agencies tended to turn their attention more heavily to other coping strategies (see Appendix Tables B-5 and B-6).
- *Belt-tightening*
- A second strategy utilized by numerous organizations to cope with the economic downturn was to tighten their organizational belts further.
- Especially common here were cutting administrative costs (56 percent of organizations) and creating or expanding collaborative relationships with other nonprofits (47 percent). The latter is especially encouraging given the sizable numbers of nonprofits in existence and the considerable opportunities that consequently exist to share services, facilities, and expertise (see Figure 13).
 - Other common belt-tightening strategies identified by responding organizations included postponing new hires (41 percent), paring down programs (39 percent), reducing/eliminating travel budget for staff (39 percent), shifting to cheaper products/services (36 percent), eliminating staff positions (34 percent), increasing reliance on volunteers (33 percent), and implementing a salary freeze (33 percent). Needless to say, many of these steps have the effect of intensifying pressures on existing staff and leadership.
 - Here as well, organizations are often taking innovative approaches in their coping strategies, including many “eco-friendly” approaches. For example:
 - > “We are cutting back on use of electricity and gas, and only heat the office when it is open. We have replaced old style electric bulbs and added more insulation to our doors and windows. We also reuse ink cartridges.”
 - > “To reduce travel expenses and emissions, we strengthened our encouragement and incentives for carpooling to trainings and wherever possible. We offered ‘avoided mileage rewards’—members report how many miles they ‘avoid’ by riding together in one car and they get a small gift or tool for these civic-minded efforts.”
 - The proportion of theaters relying on belt-tightening strategies was far greater than the proportion of those doing the same in the general sample. Thus, 93 percent of theater respondents reported cutting administrative/overhead costs, compared to 56 percent of the respondents as a whole (see Appendix Table B-7). Similarly, theaters were also much more likely to pare down programs, implement a salary freeze, postpone filling new positions, increase their reliance on volunteers, change their management or organizational structure, and redefine job descriptions.

Figure 13: Belt-tightening strategies being used by nonprofits to cope with the economic downturn (n=323)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

• *Entrepreneurial expansions*

In addition to adopting defensive measures to cope with cuts, many survey respondents took more entrepreneurial steps to help improve organizational finances and operations. Thus:

- Nearly half of all respondents improved or expanded their marketing efforts (48 percent) and implemented or expanded advocacy efforts for organizational funding (45 percent) (see Figure 14).
- Between 20 and 25 percent of organizations expanded existing fee-for-service activity, introduced or raised fees, and reached out to new clients or patrons.
- Arts organizations were particularly inclined to expand their marketing efforts in the face of the economic downturn, with 60 percent or more of theaters, orches-

tras, and museums turning to this strategy (see Appendix Table B-8).

- Respondents to our current Sounding were significantly less likely than respondents to our 2003 survey to have turned to these more entrepreneurial approaches (see Figure 15). Thus:
 - > Less than a quarter of current respondents expanded existing fee-for-service activity or added new program services, vs. 44 percent of the 2003 respondents.
 - > 22 percent of current respondents introduced or raised prices/fees, vs. 56 percent of the 2003 respondents.
 - > 21 percent of current respondents increased outreach to new clients/customers/patrons, vs. 49 percent of the 2003 respondents.

Figure 14: Entrepreneurial strategies being used by nonprofits to cope with the economic downturn (n=323)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

- > 8 percent of current respondents introduced/increased facility rental programs, vs. 25 percent of the 2003 respondents.
- > 15 percent of current respondents established new vehicles for giving, vs. 27 percent of the 2003 respondents.

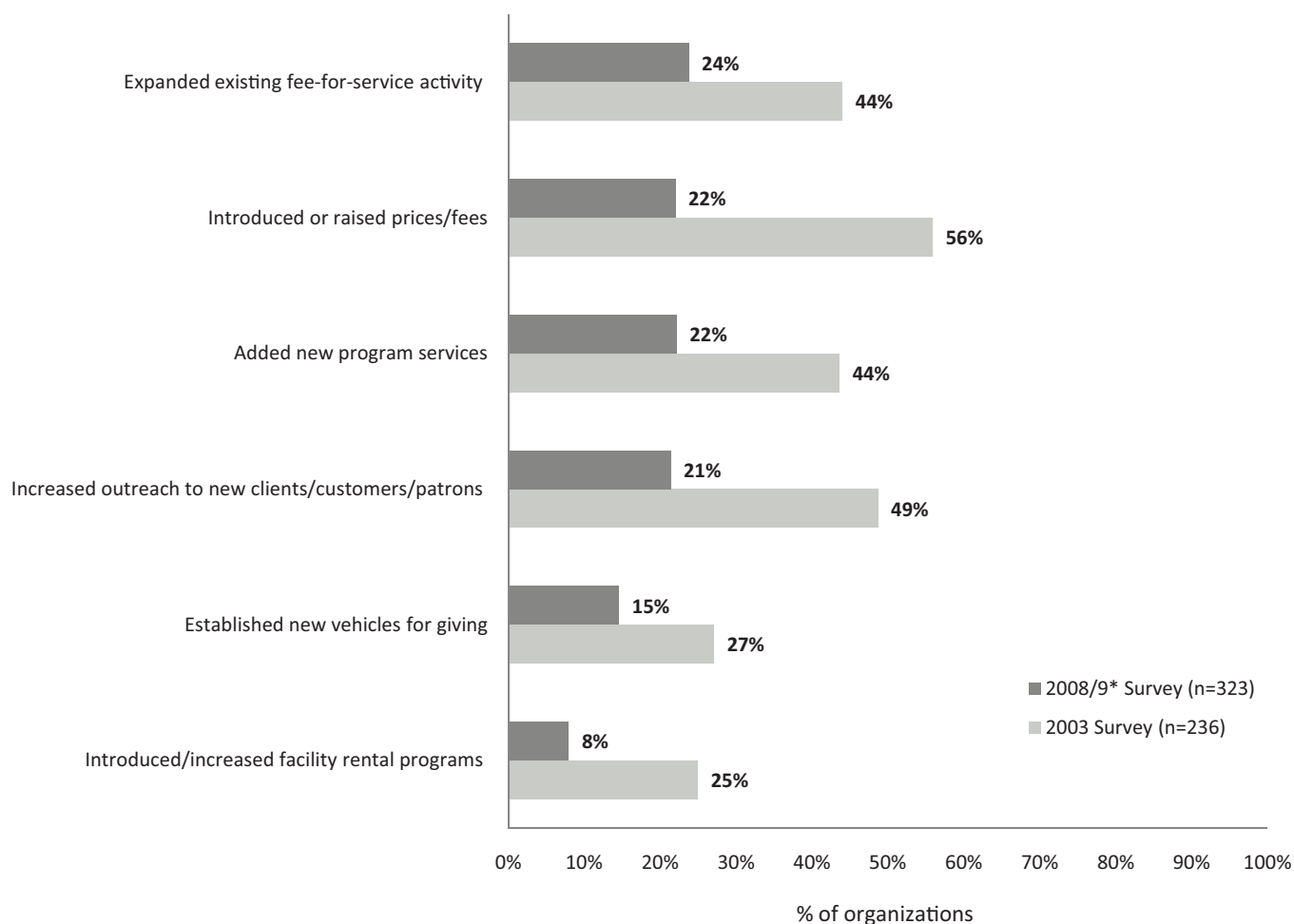
This suggests either that many of these approaches were already implemented in response to the 2001-2002 recession or that respondents felt that the economic recession made such options appear to be unworkable.

- Nevertheless, examples of innovative entrepreneurial activity were still in evidence. For example:
 - > “We have shifted a lot of marketing activities into creating in-kind relationships with media, thereby increasing our visibility and lowering our advertising outlays.”

- Interestingly, the survey responses indicate that while these entrepreneurial strategies may not have been the most common among survey respondents, they tended to be more effective than many of the other strategies. Thus, as shown in Table 3:

- > While substantial majorities of the agencies pursued many of the fundraising and belt-tightening strategies, their likelihood of achieving “successful” or “very successful” financial performance was about on a par or slightly below that of all organizations.
- > By contrast, far fewer organizations pursued the entrepreneurial strategies such as increasing marketing, developing new giving vehicles, or starting a for-profit subsidiary, but those that did were more likely than all organizations to report “successful” or “very successful” financial performance.

Figure 15: Reliance on entrepreneurial strategies by nonprofits, 2009 vs. 2003



*2008/9 period covers September 2008 to March 2009

Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

4) Nonprofit managers remain positive and upbeat.

The final explanation of the relative success of nonprofits in the face of the withering economic circumstances may lie in the attitudes of nonprofit managers. Fundamentally, these executives are a resolute and determined lot who do not take defeat easily. Rather, they are positive individuals who have grown accustomed to beating the odds.

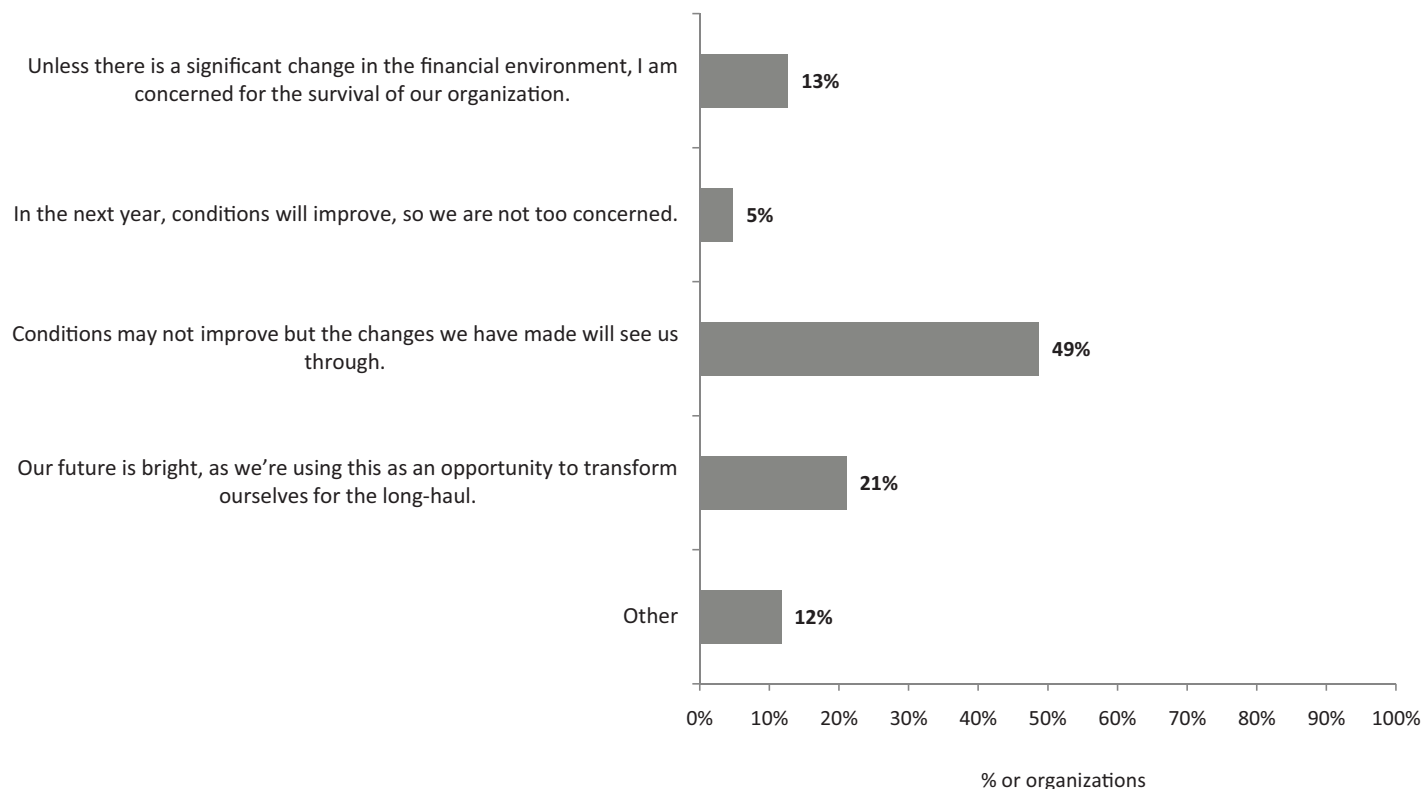
- Reflecting this, while predicting further declines in their revenues, as noted earlier, only 13 percent of all respondents indicated that they are concerned for their organization's survival, though this figure reached 24 percent among orchestras and 33 percent among theaters (see Figure 16 and Appendix Table B-9).

- By contrast, the overwhelming majority of the respondents (75 percent) felt that the changes they have made will see them through (49 percent), that their future is bright since they have used this crisis as an opportunity to transform themselves for the long-haul (21 percent), or that conditions will improve over the next year so there is not a reason to be too concerned (5%).
- Similarly, while anticipating cutbacks, larger proportions of organizations anticipated holding constant or increasing the number of people they serve than anticipated decreasing them (62 percent vs. 35 percent), even though the proportion anticipating declines over the next year is somewhat greater than the proportion reporting declines over the past six months (35 percent vs. 27 percent) (see Figure 17 and Appendix Table B-10).

Table 3: Relative success of various nonprofit coping strategies		
	Share of Organizations	
Coping Strategy	Using Strategy	Reporting “Successful” or “Very Successful” Financial Performance
All Organizations		68 %
Funding and belt-tightening strategies		
Expanded individual fundraising	61%	66%
Expanded efforts to seek state or local funding	62%	66%
Cut administrative/overhead costs	56%	60%
Expanded efforts to seek federal funding	56%	67%
Pursued new foundation or corporate support	55%	64%
Entrepreneurial strategies		
Improved/expanded marketing	48%	73%
Developed new giving vehicles	15%	73%
Introduced or expanded internet funding	16%	76%
Started for-profit subsidiary	2%	83%
Started or increased facility rental program	8%	77%
Accelerated new technology development	12%	77%
Shared staff with other organizations	5%	80%

Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

Figure 16: Future outlook of nonprofit organizations (n=323)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

As one respondent put it: “We have weathered the financial storms of the past. We will weather this one as well. It will be challenging and cause us to examine [our] procedures/programs. But the result will be a leaner, healthier organization.”

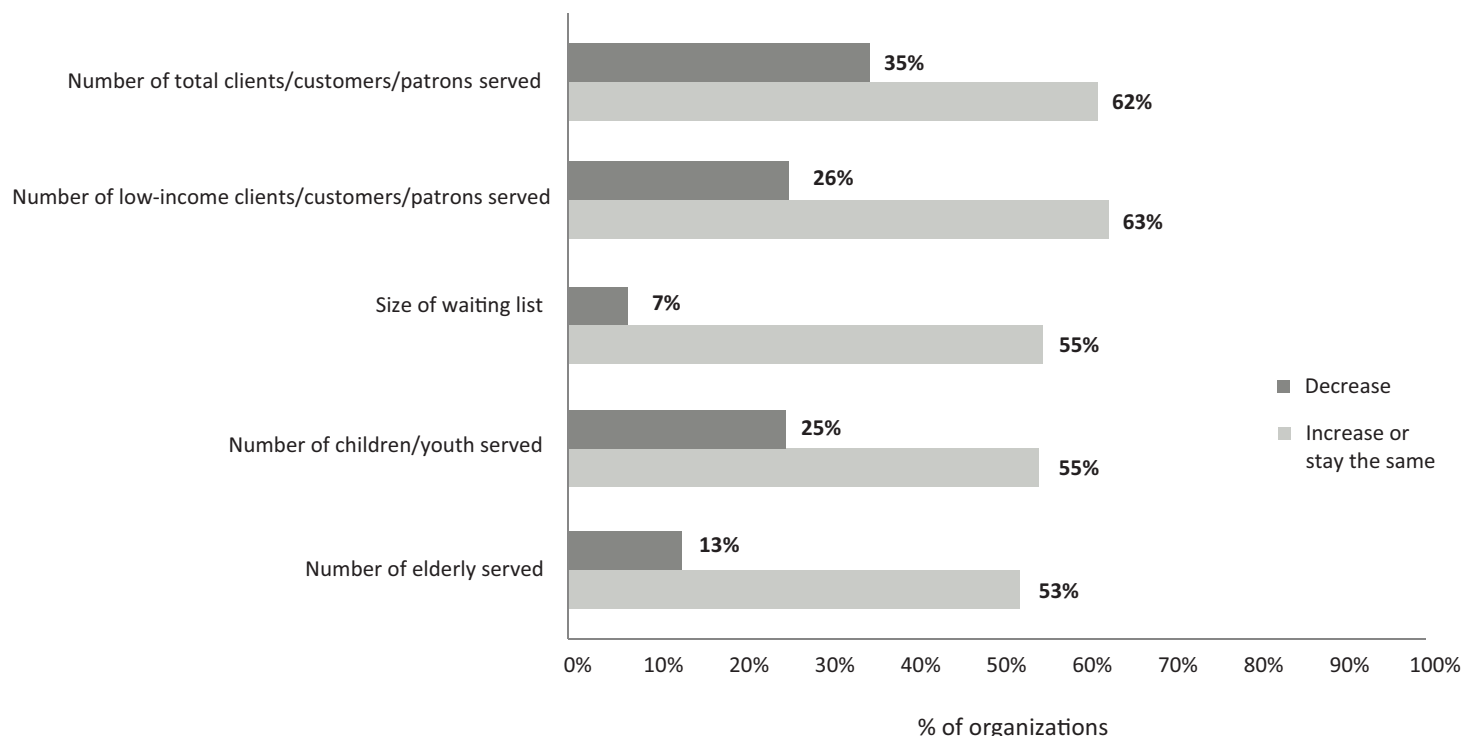
Conclusion

The 2007-2009 recession has been a time of considerable economic stress for America’s nonprofit organizations, just as it has been for America’s businesses, governments, and families. Although the impact was slow in reaching nonprofits, the impact has been real. Revenues have been down for the majority of agencies in the fields surveyed here, and the declines have been widespread among revenue sources. Agencies have had to develop new fundraising efforts and further tighten their belts to survive.

As significant as the impact of the recession, however, has been the spirited way in which nonprofits have responded. Organizations have made considerable efforts to reduce the impact on those they serve, working longer hours, often for reduced or flat wages, and finding innovative ways to tap new sources of funds or explore new ways of doing business. As a consequence, substantial proportions of the organizations have been able to report “successful” or “very successful” financial performance after 15 months of economic recession, and to increase or maintain the numbers of people they serve while enduring significant reductions in their revenues. Increased funding from counter-cyclical government programs has doubtless played a role in this, but so has determined and resolute leadership imbued with a sense of mission and commitment.

How well nonprofit organizations will be able to walk this tight rope between economic recession and organizational response in the year or more ahead will depend in important part on the depth and duration of the recession. But from the results reported here it seems clear that the nation has been well served by the response nonprofits have demonstrated to date. But it seems equally clear that the nation should not take that response for granted.

Figure 17: Share of organizations anticipating changes in the level of their activities over the next year (n=323)



Source: Johns Hopkins Nonprofit Listening Post Project Economic Downturn Sounding, 2009

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The views and interpretations expressed here are those of the authors and do not necessarily reflect those of any organizations with which they are affiliated or that support their work.

APPENDIX A: PROJECT BACKGROUND AND SAMPLE INFORMATION

1) Project Background

The Listening Post Project is a collaborative undertaking of the Johns Hopkins Center for Civil Society Studies and twelve partner organizations—Alliance for Children and Families, Alliance for Nonprofit Management, American Association of Homes and Services for the Aging, American Association of Museums, Community Action Partnership, Corporation for National and Community Service, League of American Orchestras, Lutheran Services in America, Michigan Nonprofit Association, National Council of Nonprofits, the former National Congress for Community Economic Development, and United Neighborhood Centers of America. The Listening Post Project was launched in 2002 to provide more reliable and timely information on the major challenges facing U.S. nonprofit organizations and the promising approaches nonprofit managers are applying to cope with them.

2) Sampling Strategy

The project includes two national panels of grassroots nonprofit organizations on the front lines of nonprofit operation. The first is a “directed sample” of children and family service agencies, elderly housing and service organizations, community and economic development groups, museums, theaters, orchestras, and education agencies recruited from the memberships of our partner organizations. The second is a “random sample” of organizations in these same basic fields selected from IRS listings of agencies or more complete listings suggested by our partner organizations where they were available. The random sample thus makes it possible to check on any possible distortion introduced by relying on the directed sample.

In addition to the national samples noted above, the Listening Post Project has been developing a cross-section of state Listening Post samples. The first of these state samples, covering Michigan, has participated in the past three Soundings, since September 2008. The state sample includes organizations selected from among members of the Michigan Nonprofit Association as well as a parallel sample selected randomly from IRS listings of Michigan nonprofits in similar fields.

3) The Economic Downturn Sounding Distribution

The Economic Downturn Sounding was distributed to these panels on April 1, 2009 and closed on April 22, 2009. As Appendix Table A-1 demonstrates, the Sounding was distributed to 1,411 organizations (963 “directed” and 448 “random” groups), and 363 responded.

Appendix Table A-1: Economic downturn respondents

	Total Sample	Directed Sample	Random Sample
Sample	1,411	963	448
Respondents	363	279	84
Response Rate	26%	29%	19%

The overall response rate was 26 percent, which is considered respectable for surveys of this magnitude in this sector. Because agencies self-selected into our sample from among member agencies of national umbrella organizations in their respective fields, we do not present the results as necessarily representative of the entire nonprofit sector. However, the sample agencies are distributed broadly across the nation and reflect reasonably well the known characteristics of the organizations representing the vast bulk of the resources, if not the vast bulk of the individual organizations, in their respective fields.

4) The Michigan Effect

A total of 176 surveys (to 100 “directed” and 76 “random” groups) were sent to the Michigan nonprofit organizations. The overall Michigan response rate was 32 percent, which is higher than the response rate of the overall sample. The response rate from the directed group even exceeded this figure—reaching 57 percent (see Appendix Table A-2 for details on the Michigan sample).

As Michigan respondents made up 14 percent of the overall sample and their actual representation in the overall population of organizations is just 3 percent, the sample was weighted to more accurately reflect the actual representation of Michigan nonprofits within the nation as a whole. Appendix Table A-3 illustrates the difference between the original sample and the weighted sample.

The analysis contained within this report uses the weighted sample as shown in Appendix Table A-3, as it provides a more accurate representation of the nonprofit sector in the nation.

Appendix Table A-2: Michigan sample						
Type of Organization	Total Sample		Directed Sample		Random Sample	
By Field	N	%	N	%	N	%
Children and Family Services	24	48%	18	58%	6	32%
Community and Economic Development	5	10%	4	13%	1	5%
Education	2	4%	1	3%	1	5%
Elderly Housing and Services	9	18%	3	10%	6	32%
Museums	2	4%	1	3%	1	5%
Orchestras	1	2%	0	0%	1	5%
Theaters	2	4%	0	0%	2	11%
Other	5	10%	4	13%	1	5%
Total	50	100%	31	100%	19	100%
By Size*						
<\$500,000	19	38%	12	39%	7	37%
\$500,000-\$3million	21	42%	13	42%	8	42%
>\$3million	10	20%	6	19%	4	20%
Total	50	100%	31	100%	19	100%
*Revenue size not available for all organizations						

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table A-3: Economic downturn sounding sample, with and without weighting for Michigan respondents

Type of Organization	Unweighted		Weighted					
	Total Sample		Total Sample		Directed Sample		Random Sample	
<i>By Field</i>	N	%	N	%	N	%	N	%
Children and Family Services	112	31%	93	29%	73	29%	20	29%
Community and Economic Development	39	11%	35	11%	27	11%	8	11%
Education	39	11%	37	12%	37	15%	0	11%
Elderly Housing and Services	55	15%	48	15%	40	16%	8	15%
Museums	36	10%	34	11%	23	9%	11	11%
Orchestras	30	8%	29	9%	25	10%	4	9%
Theaters	17	5%	15	5%	0	0%	15	5%
Other	35	10%	31	10%	30	12%	1	10%
Total	363	100%	323	100%	255	100%	67	100%
<i>By Size*</i>								
<\$500,000	74	21%	58	18%	33	13%	25	37%
\$500,000-\$3million	124	35%	111	35%	87	34%	27	40%
>\$3million	161	45%	150	47%	133	53%	15	22%
Total	359	100%	319	100%	253	100%	67	100%
<i>By Region</i>								
Michigan	50	14%	10	3%	6	2%	4	6%
Rest of the Nation	313	86%	313	97%	248	98%	65	94%
Total	363	100%	323	100%	254	100%	69	100%

*Revenue figures not available for all respondents

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

5) Corporation for National and Community Service Respondents

As noted in Appendix Table A-4, 104 of the respondents to this survey were grantees of the Corporation for National and Community Service. At the request of the Corporation, the survey form for these respondents was shortened somewhat by deleting certain detailed questions. Tables and figures in the text reporting n's in the range of 220 represent variables on which we do not have responses from the CNCS grantee agencies. Based on our review of other variables on which we do have CNCS grantee responses, we see no significant deviations between the performance of the CNCS respondents and the other respondents in the respective fields in which the CNCS respondents operate. We therefore have no reason to believe that the results on the questions for which we have no CNCS responses would be different if CNCS agency responses were available.

6) Comparison of 2009, 2003, and 2006 Surveys

For information on the sample composition and return rates on the two prior Listening Post surveys covering the impact of economic downturns on nonprofit organizations, please visit www.ccss.jhu.edu.

Appendix Table A-4: The Corporation for National and Community Service sample

	CNCS Sample	
	N	%
<i>By Field</i>		
Child & Family Services	26	25%
Community & Economic Development	9	9%
Elderly Housing and Services	3	3%
Museums	0	.0%
Theaters	0	.0%
Orchestras	0	.0%
Education	37	36%
Other	29	28%
TOTAL	104	100%
<i>By Size*</i>		
<\$500,000	18	17%
\$500,000-\$3million	51	50%
>\$3million	34	33%
TOTAL	103	100%

*Revenue size not available for all organizations

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

APPENDIX B

Appendix Table B-1: Decline in total revenue, by field, size, and region													
Total Revenue	Field of Activity									Revenue Size			Region
	Total (n=298)	Child & Family (n=87)	Comm. & Econ. (n=30)	Education (n=31)	Elderly (n=45)	Museums (n=32)	Orchestras (n=26)	Theaters (n=14)	Other (n=29)	<\$500,000 (n=48)	\$500,000- \$3million (n=107)	>\$3million (n=140)	Michigan Sample (n=50)
Down 20% or more	13%	13%	23%	15%	7%	12%	8%	29%	17%	25%	15%	9%	20%
Down 10%-19%	14%	15%	3%	24%	7%	6%	27%	36%	17%	17%	22%	9%	14%
Down less than 10%	24%	32%	20%	6%	29%	39%	35%	14%	13%	21%	24%	29%	20%
No Change	13%	10%	13%	18%	22%	9%	0%	0%	30%	17%	12%	14%	10%
Up less than 10%	19%	18%	30%	12%	29%	24%	19%	7%	13%	10%	15%	28%	14%
Up 10%-19%	7%	9%	7%	12%	4%	3%	8%	14%	3%	4%	7%	9%	12%
Up 20% or more	3%	2%	3%	6%	2%	3%	4%	0%	3%	6%	4%	1%	8%

*Revenue change was measured between September 2008 and March 2009, vs. September 2007 and March 2008.

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-2 : Share of organizations reporting cost pressures, by field, revenue, and affiliation														
Total Expenses	Field of Activity									Revenue Size			Affiliation Status	
	Total (n=323)	Child & Family (n=91)	Comm. & Econ. (n=31)	Elderly (n=45)	Museums (n=33)	Theaters (n=11)	Orchestras (n=28)	Education (n=35)	Other (n=30)	<\$500,000 (n=56)	\$500,000- \$3million (n=104)	>\$3million (n=141)	Directed (n= 245)	Random (n=62)
Decreased	32%	32%	35%	13%	39%	73%	39%	23%	33%	32%	38%	27%	31%	34%
No Change	13%	12%	10%	9%	9%	9%	4%	23%	23%	18%	14%	9%	14%	7%
Increased	53%	56%	55%	78%	48%	18%	57%	54%	43%	48%	47%	64%	55%	60%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-3: Increased competition in the nonprofit sector, by field and size												
Type of Competition	Total (n=323)	Field of Activity								Revenue Size		
		Child & Family (n=93)	Comm. & Econ. (n=35)	Education (n=37)	Elderly (n=48)	Museums (n=34)	Orchestras (n=29)	Theaters (n=15)	Other (n=31)	<\$500,000 (n=58)	\$500,000- \$3million (n=111)	>\$3million (n=150)
None	25%	23%	31%	27%	27%	32%	14%	20%	23%	36%	19%	25%
Competition for financial resources	58%	65%	49%	59%	29%	53%	76%	67%	71%	47%	70%	52%
Competition for quality staff	20%	26%	11%	19%	31%	12%	14%	20%	16%	12%	11%	31%
Competition for clients/customers/patrons	25%	15%	11%	11%	54%	35%	34%	53%	6%	31%	19%	27%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-4: Impact of recession on nonprofit service levels, by field, size, affiliation status, and region															
Total # of Clients/ Customers/ Patrons	Field of Activity									Revenue Size			Affiliation Status		Region
	Total (n=323)	Child & Family (n=90)	Comm. & Econ. (n=32)	Education (n=37)	Elderly (n=46)	Museums (n=34)	Orchestras (n=28)	Theaters (n=15)	Other (n=30)	<\$500,000 (n=58)	\$500,000- \$3million (n=113)	>\$3million (n=144)	Directed (n=251)	Random (n=66)	Michigan Sample (n=50)
Decrease	27%	20%	16%	16%	28%	47%	43%	60%	20%	19%	30%	28%	26%	30%	18%
No Change	27%	19%	22%	43%	39%	18%	21%	13%	43%	26%	24%	29%	29%	20%	8%
Increase	46%	61%	63%	41%	33%	35%	36%	27%	37%	55%	46%	43%	45%	48%	74%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-5: Major coping strategies being used by nonprofit organizations, by field, size, affiliation status, and region

Coping Strategies	Total (n=323)	Field of Activity								Revenue Size			Affiliation Status		Region
		Child & Family (n=93)	Comm. & Econ (n=35)	Educational (n=37)	Elderly (n=47)	Museums (n=34)	Orchestras (n=29)	Theaters (n=15)	Other (n=31)	<\$500,000 (n=58)	\$500,000-\$3million (n=111)	>\$3million (n=150)	Directed (n=254)	Random (n=69)	Michigan Sample (n=50)
Initiated or expanded efforts to obtain donations from individual donors	61%	65%	43%	59%	50%	59%	90%	87%	52%	53%	66%	61%	61%	61%	60%
Initiated or expanded efforts to obtain state and/or local funding	57%	62%	74%	57%	42%	47%	59%	53%	61%	45%	66%	55%	56%	64%	57%
Initiated or expanded efforts to obtain federal funding	56%	60%	80%	65%	30%	38%	45%	47%	84%	41%	65%	55%	59%	45%	57%
Cut administrative/overhead costs	56%	63%	46%	27%	54%	59%	66%	93%	52%	43%	56%	62%	54%	67%	57%
Pursued new foundation or corporate support	55%	47%	51%	70%	34%	50%	76%	87%	65%	43%	67%	50%	55%	54%	55%
Improved/expanded marketing efforts	48%	41%	46%	38%	55%	62%	62%	60%	35%	48%	49%	47%	45%	57%	48%
Created or expanded collaborative relationships with other nonprofits	48%	58%	49%	51%	29%	44%	45%	53%	42%	43%	59%	41%	47%	49%	47%
Implemented or expanded advocacy for organizational funding	45%	49%	49%	41%	33%	29%	55%	60%	52%	33%	58%	41%	44%	46%	45%
Postponed filling new positions	41%	43%	26%	35%	48%	56%	28%	60%	35%	26%	34%	51%	40%	43%	41%
Pared down programs	39%	48%	34%	22%	21%	50%	48%	67%	26%	26%	44%	40%	37%	45%	39%
Reduced/eliminated travel budget for staff	39%	45%	26%	27%	35%	44%	41%	47%	42%	26%	41%	42%	39%	38%	39%
Shifted to cheaper alternative products/services	36%	35%	31%	27%	35%	35%	45%	47%	42%	41%	39%	31%	33%	46%	35%
Eliminated staff positions	34%	48%	37%	16%	25%	32%	31%	47%	13%	9%	29%	47%	36%	26%	34%
Implemented a salary freeze	33%	40%	14%	32%	21%	24%	52%	67%	32%	17%	39%	35%	34%	29%	33%
Redefined job descriptions	33%	37%	23%	24%	38%	35%	24%	53%	29%	19%	32%	40%	31%	39%	33%
Increased reliance on volunteers	33%	32%	34%	16%	23%	47%	48%	60%	29%	40%	39%	27%	29%	48%	33%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-6: Funding coping strategies, by field									
Funding Initiatives	Total (n=323)	Child & Family (n=93)	Comm. & Econ. (n=35)	Education (n=37)	Elderly (n=48)	Museums (n=34)	Orchestras (n=29)	Theaters (n=15)	Other (n=31)
Private fundraising									
Initiated or expanded efforts to obtain donations from individual donors	61%	65%	43%	59%	50%	59%	90%	87%	52%
Pursued new foundation or corporate support	55%	47%	51%	70%	34%	50%	76%	87%	65%
Organized a special event/fundraiser	32%	44%	37%	22%	19%	41%	17%	40%	23%
Government Revenue									
Initiated or expanded efforts to obtain state and/or local funding	57%	62%	74%	57%	42%	47%	59%	53%	61%
Initiated or expanded efforts to obtain federal funding	56%	60%	80%	65%	30%	38%	45%	47%	84%
Other									
Used reserves or endowment monies to fund operations	24%	25%	17%	30%	21%	12%	21%	40%	32%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-7: Belt-tightening coping strategies, by field									
Belt-tightening Initiatives	Total (n=323)	Child & Family (n=93)	Comm. & Econ. (n=35)	Education (n=37)	Elderly (n=48)	Museums (n=34)	Orchestras (n=29)	Theaters (n=15)	Other (n=31)
Staffing									
Instituted a freeze in hiring & salaries	47%	54%	23%	41%	30%	44%	76%	87%	45%
Postponed filling new positions	41%	43%	26%	35%	48%	56%	28%	60%	35%
Reduced/eliminated travel budget for staff	39%	45%	26%	27%	35%	44%	41%	47%	42%
Eliminated staff positions	33%	48%	37%	16%	25%	32%	31%	47%	13%
Cut/reduced wages and/or benefits	33%	38%	11%	30%	19%	35%	52%	60%	32%
Redefined job descriptions	33%	37%	23%	24%	38%	35%	24%	53%	29%
Increased reliance on volunteers	33%	32%	34%	16%	23%	47%	48%	60%	29%
Eliminated vacant positions	25%	44%	14%	5%	19%	24%	24%	33%	10%
Reduced/eliminated support for staff professional development	24%	29%	9%	22%	9%	26%	45%	40%	26%
Decreased staff hours	22%	26%	11%	8%	25%	32%	24%	40%	13%
Partnerships/Collaboration									
Created or expanded collaborative relationships with other nonprofits	48%	58%	49%	51%	29%	44%	45%	53%	42%
Explored programmatic integration with other organization(s)	21%	22%	17%	14%	19%	26%	28%	33%	16%
Created or expanded collaborative relationships with government agencies	21%	32%	17%	24%	6%	12%	10%	27%	29%
Created or expanded collaborative relationships with for-profits	12%	14%	14%	11%	8%	6%	14%	33%	6%
Operations									
Cut administrative/overhead costs	56%	63%	46%	27%	54%	59%	66%	93%	52%
Shifted to cheaper alternative products/services	36%	35%	31%	27%	35%	35%	45%	47%	42%
Delayed maintenance	28%	28%	20%	16%	33%	47%	17%	27%	35%
Delayed/abandoned expansion and/or relocation plans	27%	29%	20%	24%	42%	12%	34%	27%	19%
Changed management or organizational structure	26%	32%	20%	19%	21%	24%	24%	53%	19%
Delayed/abandoned plans to adopt new technologies	19%	24%	0%	16%	17%	12%	28%	47%	23%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-8: Entrepreneurial coping strategies, by field, size, and region													
Entrepreneurial Initiatives	Total (n=323)	Field of Activity								Revenue Size			Region
		Child & Family (n=93)	Comm. & Econ. (n=35)	Education (n=37)	Elderly (n=48)	Museums (n=34)	Orchestras (n=29)	Theaters (n=15)	Other (n=31)	<\$500,000 (n=58)	\$500,000-3million (n=111)	>\$3million (n=150)	Michigan Sample (n=50)
Improved/expanded marketing efforts	48%	41%	46%	38%	55%	62%	62%	60%	35%	48%	49%	47%	48%
Implemented or expanded advocacy for organizational funding	45%	49%	49%	41%	33%	29%	55%	60%	52%	33%	58%	41%	45%
Organized a special event/fundraiser	32%	44%	37%	19%	41%	40%	17%	22%	23%	33%	32%	32%	31%
Joined advocacy coalition with other organizations	26%	30%	34%	25%	15%	40%	24%	16%	23%	17%	32%	26%	26%
Expanded existing fee-for-service activity	24%	25%	23%	16%	28%	18%	17%	40%	29%	10%	26%	28%	24%
Introduced or raised fees	22%	19%	9%	14%	38%	32%	14%	27%	19%	19%	21%	25%	22%
Reached out to new clients/customers/patrons	21%	19%	29%	19%	27%	15%	10%	47%	19%	22%	22%	21%	21%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-9: Future outlook of nonprofit organizations, by field, size, and affiliation status														
Future Outlook	Total (n=320)	Field of Activity								Revenue Size			Affiliation status	
		Child & Family (n=93)	Comm. & Econ. (n=33)	Education (n=36)	Elderly (n=46)	Museums (n=34)	Orchestras (n=29)	Theaters (n=15)	Other (n=30)	<\$500,000 (n=58)	\$500,000-3million (n=111)	>\$3million (n=147)	Directed (n=251)	Random (n=69)
Unless there is a significant change in the financial environment, I am concerned for the survival of our organization.	13%	12%	15%	8%	7%	12%	24%	33%	7%	21%	17%	7%	10%	25%
Conditions may not improve but the changes we have made will see us through.	49%	51%	45%	56%	43%	62%	48%	27%	50%	47%	52%	48%	52%	38%
In the next year, conditions will improve, so we are not too concerned.	5%	3%	12%	11%	9%	0%	0%	0%	0%	5%	3%	7%	5%	4%
Our future is bright, as we're using this as an opportunity to transform ourselves for the long-haul.	21%	23%	21%	17%	28%	18%	10%	20%	30%	17%	15%	27%	22%	19%
Other	12%	12%	6%	8%	13%	9%	17%	20%	13%	10%	13%	12%	11%	14%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

Appendix Table B-10 : Share of organizations anticipating changes in the populations they serve, by field, size, and affiliation													
Number of total clients/ customers/ patrons served	Total (n=320)	Field of Activity							Revenue Size			Affiliation Status	
		Child & Family (n=92)	Comm. & Econ. (n=33)	Elderly (n=48)	Museums (n=34)	Theaters (n=15)	Orches- tras (n=29)	Other (n=30)	<\$500,000 (n=57)	\$500,000- \$3million (n=110)	>\$3million (n=149)	Directed (n=252)	Random (n=68)
Decrease	36%	39%	24%	27%	24%	67%	55%	30%	30%	40%	36%	37%	32%
No Change	31%	25%	21%	50%	56%	13%	21%	30%	33%	30%	30%	32%	26%
Increase	32%	36%	48%	23%	21%	20%	21%	37%	33%	28%	33%	29%	41%

Source: Johns Hopkins Listening Post Project Economic Downturn Sounding, 2009

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